



AJ Lucas Group Limited

Retail Entitlement Offer

AJ Lucas Group Limited ACN 060 309 104

3 for 8 pro rata accelerated non-renounceable entitlement offer of AJ Lucas Group Limited ordinary shares at an Offer Price of A\$0.21 per New Share.

Retail Entitlement Offer closes at 5.00pm (Sydney time) Tuesday, 26 April 2016.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This Retail Offer Booklet requires your immediate attention. It is an important document which is accompanied by a personalised Entitlement and Acceptance Form and both should be read in their entirety. This Retail Offer Booklet is not a prospectus under the *Corporations Act 2001* (Cth) (**Corporations Act**) and has not been lodged with the Australian Securities & Investments Commission (**ASIC**). Please call your stockbroker, accountant or other professional adviser or the AJL Offer Information Line on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia) if you have any questions.

Important notices

Defined terms used in these important notices have the meaning given in this Retail Offer Booklet.

Future performance and forward looking statements

This Retail Offer Booklet contains certain “forward looking statements”. Forward looking statements can generally be identified by the use of forward looking words such as “expect”, “anticipate”, “likely”, “intend”, “propose”, “should”, “could”, “may”, “guidance”, “outlook”, “predict”, “plan”, “will”, “believe”, “forecast”, “estimate”, “target”, and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings, distributions or financial position or performance, aspects of the Entitlement Offer and use of proceeds are also forward looking statements. The forward looking statements contained in this Retail Offer Booklet involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of AJ Lucas Group Limited (ACN 060 309 104) (**AJL**), and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Refer to the “Key risks” section of the AJL Investor Presentation included in Section 4 of this Retail Offer Booklet for a summary of certain general and AJL specific risk factors that may affect AJL. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Retail Offer Booklet in light of those disclosures. You are cautioned not to place undue reliance on any forward looking statements. The inclusion of forward looking statements should not be regarded as a representation, warranty or guarantee with respect to its accuracy or the accuracy of the underlying assumptions, or that AJL will or is likely to achieve particular results.

The forward looking statements are based on information available to AJL as at the date of this Retail Offer Booklet. Except as required by law or regulation (including the Australian Securities Exchange (**ASX**) Listing Rules), AJL undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Past performance

Investors should note that past performance, including past share price performance and pro forma historical information are included for illustrative purposes only, and cannot be relied upon as an indicator of (and provides no guidance as to) future AJL performance including future financial position or share price performance.

Jurisdictions

This Retail Offer Booklet, and any accompanying ASX announcements and each personalised Entitlement and Acceptance Form, do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither this Retail Offer Booklet nor any personalised Entitlement and Acceptance Form may be distributed or released in the United States. Neither the entitlements to purchase new ordinary shares in AJL (**New Shares**) pursuant to the offer described in this Retail Offer Booklet (**Entitlements**) nor the New Shares have been, and none of them will be, registered under the US Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Entitlements may not be purchased or taken up by persons in the United States or by persons who are acting for the account or benefit of a person in the United States. Neither

the Entitlements nor the New Shares may be offered, sold or resold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. The Entitlements and the New Shares may only be offered and sold in “offshore transactions” (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act.

Neither this Retail Offer Booklet nor any personalised Entitlement and Acceptance Form may be distributed or released in the United States.

References to “you” and “your Entitlement”

In this Retail Offer Booklet, references to “you” are references to Eligible Retail Shareholders (as defined in Section 5.1) and references to “your Entitlement” (or “your personalised Entitlement and Acceptance Form”) are references to the Entitlement (or personalised Entitlement and Acceptance Form) of Eligible Retail Shareholders.

Times and dates

Times and dates in this Retail Offer Booklet are indicative only and subject to change. All times and dates refer to Sydney time. Refer to the “Key Dates” section of this Retail Offer Booklet for more details.

Currency

Unless otherwise stated, all dollar values in this Retail Offer Booklet are in Australian dollars (A\$).

Trading New Shares

AJL will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by AJL or the AJL Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters you should first consult with your stockbroker, accountant or other professional adviser.

Refer to Section 5 for more details.

Retail Offer Booklet

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Key dates

| Event | Date |
|---|-------------------------|
| Announcement of the Entitlement Offer (including, the Retail Entitlement Offer) | Thursday, 17 March 2016 |
| Record Date for eligibility in the Retail Entitlement Offer (7.00pm, Sydney time) | Monday, 21 March 2016 |
| Retail Entitlement Offer opens | Thursday, 24 March 2016 |
| Retail Offer Booklet despatched, including personalised Entitlement and Acceptance Form | Thursday, 24 March 2016 |
| Retail Entitlement Offer closes (5.00pm, Sydney time) including retail oversubscriptions | Tuesday, 26 April 2016 |
| Settlement of Retail Entitlement Offer | Monday, 2 May 2016 |
| Issue of New Shares under the Retail Entitlement Offer | Tuesday, 3 May 2016 |
| New Shares under the Retail Entitlement Offer commence trading on a normal settlement basis | Wednesday, 4 May 2016 |
| Despatch of holding statements | Wednesday, 4 May 2016 |

The timetable above is indicative only and may be subject to change. AJL reserves the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, AJL reserves the right to extend the closing date of the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw or vary the Retail Entitlement Offer without prior notice. Any extension of the closing date may have a consequential effect on the issue date of New Shares.

The commencement of quotation of New Shares is subject to confirmation from ASX.

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted. Eligible Retail Shareholders (as defined in Section 5.1) wishing to participate in the Retail Entitlement Offer are encouraged to submit their personalised Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens.

Enquiries

If you have any questions, please call the AJL Offer Information Line on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia), or consult your stockbroker, accountant or other professional adviser. The AJL Offer Information Line will be open from 8.30am to 5.00pm (Sydney time), Monday to Friday until 5 May 2016.

Alternatively, you can access information about the Retail Entitlement Offer online at www.lucas.com.au.



Letter from the Chairman

Monday, 21 March 2016

Dear Shareholder,

On behalf of AJ Lucas Group Limited (**AJL**), I am pleased to invite you to participate in a 3 for 8 pro rata accelerated non-renounceable entitlement offer of new AJL ordinary shares (**New Shares**) at an offer price of A\$0.21 per New Share (**Offer Price**), to raise gross proceeds of approximately A\$21.1 million.

As announced on 17 March 2016, AJL is proposing to raise approximately A\$21.1 million via a pro rata non-renounceable entitlement offer (**Entitlement Offer**). The Entitlement Offer comprises an institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**).

Under the Retail Entitlement Offer, eligible shareholders are being offered the opportunity to subscribe for 3 New Shares for every 8 existing AJL ordinary shares (**Shares**) held at 7.00pm (Sydney time) Monday, 21 March 2016 (**Entitlement**). The Offer Price of A\$0.21 per New Share represents a discount of 16% to the last closing market price of Shares on ASX on Friday, 11 March 2016, the business day before AJL's Shares were placed in a trading halt (and subsequent suspension) pending announcement of the Entitlement Offer and a 12.2% discount to the theoretical ex-rights price (**TERP**)¹. New Shares will rank equally with existing Shares in all respects from allotment, including entitlements to dividends/distributions.

As announced to ASX on 21 March 2016, AJL has successfully completed the Institutional Entitlement Offer, raising approximately A\$14.4 million for AJ Lucas, with approximately 86% of entitlements available to eligible institutional shareholders taken up.

The Retail Entitlement Offer is expected to raise approximately A\$4.3 million. This offer booklet (**Retail Offer Booklet**) relates to the Retail Entitlement Offer and Entitlements allotted under it (**Retail Entitlements**). This Retail Offer Booklet contains important information about the Retail Entitlement Offer and AJL's business under the following headings:

- Key dates;
- Summary of options available to you;
- Actions required by you;
- Australian taxation considerations;
- ASX announcements (including the AJL Investor Presentation); and
- Important information.

Accompanying this Retail Offer Booklet is your personalised Entitlement and Acceptance Form which contains details of your Retail Entitlement. Your Retail Entitlement may have value and it is important that you determine whether to take up or do nothing in respect of your Retail Entitlement (see Section 2).

¹ TERP is the theoretical price at which AJL shares trade immediately after the ex-date for the Entitlement Offer and assuming 100% take-up of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which AJL Shares will trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to AJL's closing price on Friday, 11 March 2016.

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The Retail Entitlement Offer closes at 5.00pm (Sydney time) on Tuesday, 26 April 2016. To participate, you need to ensure that you have completed your application by paying the Offer Price multiplied by the number of New Shares you are applying for (**Application Monies**) by BPAY®, or by lodging your personalised Entitlement and Acceptance Form with your Application Monies paid by cheque, bank draft or money order so that they are received before this time in the manner described in this Retail Offer Booklet.

If you choose to do nothing, your Retail Entitlement will lapse and you will receive no value for your Retail Entitlement.

Please carefully read this Retail Offer Booklet in its entirety and consult your stockbroker, solicitor, accountant or other professional adviser before making your investment decision. In particular, you should read and consider the “Key risks” section of the AJL Investor Presentation included in Section 4 of this Retail Offer Booklet which contains a summary of some of the key risks associated with an investment in AJL.

If you have any questions in respect of the Entitlement Offer please call the AJL Offer Information Line on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia) at any time from 8.30am to 5.00pm (Sydney time) Monday to Friday until 5 May 2016.

Yours faithfully,

A handwritten signature in black ink, consisting of a large, stylized 'P' followed by a series of loops and a horizontal line.

Phil Arnall
Chairman

Section 1 Summary of options available to you

Summary of options available to you

If you are an Eligible Retail Shareholder (as defined in Section 5.1) you may take any one of the following actions:

- take up all of your Retail Entitlement;
- take up part of your Retail Entitlement and allow the balance to lapse;
- take up all of your Retail Entitlement and apply for Additional New Shares (as set out in Section 5.8); or
- do nothing, in which case your Retail Entitlement will lapse and you will receive no value for that lapsed Retail Entitlement.

If you are a retail shareholder that is not an Eligible Retail Shareholder, you are an Ineligible Retail Shareholder (as defined in Section 5.1).

Ineligible Retail Shareholders are not entitled to participate in the Retail Entitlement Offer.

| Options available to you | Key considerations |
|--|---|
| 1. Take up all or part of your Retail Entitlement | <ul style="list-style-type: none"> • You may elect to purchase New Shares at the Offer Price (see Section 2.5.1 for instructions on how to take up your Retail Entitlement). • The New Shares will be fully paid and from allotment rank equally in all respects with existing Shares and will be entitled to dividends/distributions on the same basis as existing Shares. • The Retail Entitlement Offer closes at 5.00pm (Sydney time) on Tuesday, 26 April 2016. • If you only take up part of your Retail Entitlement, the part not taken up will lapse. • Please follow the instructions on your personalised Entitlement and Acceptance Form. |
| 2. Take up all of your Retail Entitlement and apply for Additional New Shares | <ul style="list-style-type: none"> • Eligible Retail Shareholders may, in addition to their Retail Entitlement, apply for Additional New Shares regardless of the size of their present holding. Refer to Section 5.9 if you wish to apply for Additional New Shares. • A single cheque, bank draft or money order should be used, or, if you are paying by BPAY®, a single payment should be made for the Application Monies for your Retail Entitlement and the number of Additional New Shares you wish to apply for. |
| 3. Do nothing, in which case your Retail Entitlement will lapse and you will receive no | <ul style="list-style-type: none"> • If you do not wish to take up all or part of your Entitlement, you will not be allocated New Shares and your Retail Entitlement will lapse. Your Retail Entitlement is non-renounceable and cannot be traded on ASX or any other exchange, nor can it be privately transferred. |

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**payment or value
for that lapsed
Retail Entitlement**

- If you do not take up your Retail Entitlement in full, you will not receive any payment or value for that Retail Entitlement not taken up.
 - If you do not take up your Retail Entitlement in full, you will have your percentage holding in AJL reduced.
-

Section 2 Actions required by you

2.1 Overview of the Entitlement Offer

As part of the Entitlement Offer, Eligible Retail Shareholders (as defined in Section 5.1) are being offered the opportunity to subscribe for 3 New Share for every 8 existing Shares held as at 7.00pm (Sydney time) on Monday, 21 March 2016 (**Record Date**), at the Offer Price of A\$0.21 per New Share.

The Entitlement Offer is comprised of:

- **Institutional Entitlement Offer** – Eligible Institutional Shareholders (as set out in Section 5.2) were given the opportunity to take up all or part of their Entitlements. Entitlements under the Institutional Entitlement Offer (**Institutional Entitlements**) were non-renounceable;
- **Retail Entitlement Offer** – Eligible Retail Shareholders (as defined in Section 5.1) will be allotted Retail Entitlements under the Retail Entitlement Offer which can be taken up in whole or in part. Retail Entitlements are non-renounceable and are not tradeable or otherwise transferable; and
- **Retail overallocation facility** – Eligible Retail Shareholders may also apply for Additional New Shares in excess of their Retail Entitlements up to that number of Shares that equal their Retail entitlement as at the Record Date (i.e., if their Retail Entitlement was 2,000 New Shares they may apply for up to a further 2,000 Additional New Shares, being up to 4,000 Shares in total for which they can subscribe). The maximum number of Additional New Shares AJL would issue in satisfaction of applications for overallocations it may receive under the retail overallocation facility would be capped at 5 million. Any application for Additional New Shares is subject to scale back at AJL and the Underwriter's absolute discretion.

Patersons Securities Limited has been appointed by AJL as Lead Manager and Underwriter (the **Underwriter**) and has received firm commitments from the AJL's two largest shareholders with the Underwriter agreeing to underwrite the shortfall (excluding the firm commitments). The Underwriter has obtained sub-underwriting support from the AJL's largest shareholder, Kerogen Investments No. 1 (HK) Limited (**Kerogen**), and certain new institutional investors. As a result, the combination of the shareholder commitments and underwriting of the shortfall is equal to the gross proceeds intended to be raised under the Entitlement Offer.

Under the Institutional Entitlement Offer, Kerogen, the Company's largest shareholder, subscribed in full for its pro rata entitlement (A\$11.1 million) and has agreed to sub-underwrite A\$2.9 million in total to support the Entitlement Offer. Kerogen has agreed that the Underwriter may allocate to it the first A\$2.5 million of any shortfall from the Entitlement Offer.²

You have a number of decisions to make in respect of your Retail Entitlement. These decisions may materially affect the value (if any) that may be received in respect of your Retail Entitlement. You should read this Retail Offer Booklet carefully before making any decisions in relation to your Retail Entitlement.

Further details on the Retail Entitlement Offer and Retail Shortfall are set out below.

2.2 The Retail Entitlement Offer

Under the Retail Entitlement Offer, Eligible Retail Shareholders (as defined in Section 5.1) are invited to apply for 3 New Shares for every 8 existing Shares held as at the Record Date at the Offer Price of A\$0.21 per New Share.

² At institutional settlement, Kerogen is obliged to settle for that number of shares (based on the Offer Price) that is equal to the lower of an aggregate subscription amount of (a) amounts which can be set-off as due and payable by AJL, plus any additional cash chosen to be made; and (b) A\$2.5 million. At retail settlement, Kerogen will be obliged to subscribe for all shares allocated to it which it has not yet subscribed for. Kerogen can settle its subscription for allocated shortfall shares by any combination of cash payment or by way of set-off against amounts due and payable by AJL to Kerogen as agreed between AJL and Kerogen in connection with the Kerogen financing arrangements.

The offer ratio and Offer Price under the Retail Entitlement Offer are the same as for the Institutional Entitlement Offer.

The Retail Entitlement Offer opens at 9.00am (Sydney time) on Thursday, 24 March 2016 and will close at 5.00pm (Sydney time) on Tuesday, 26 April 2016.

2.3 Your Retail Entitlement

Your Retail Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 3 New Shares for every 8 existing Shares you held as at the Record Date. If the result is not a whole number, your Retail Entitlement will be rounded down to the nearest whole number of New Shares.

In addition, Eligible Retail Shareholders may also apply for Additional New Shares in excess of their Retail Entitlements up to that number of Shares that equal their Retail Entitlement as at the Record Date (i.e., if their Retail Entitlement was 2,000 New Shares they may apply for up to a further 2,000 Additional New Shares, being up to 4,000 Shares in total for which they can subscribe). The maximum number of Additional New Shares AJL would issue in satisfaction of applications for overallocations it may receive under the retail overallocation facility would be capped at 5 million. Additional New Shares will only be allocated to Eligible Retail Shareholders, if and to the extent that AJL and the Underwriter so determines, in their absolute discretion, having regard to circumstances at the time of the close of the Retail Entitlement Offer.

Any Additional New Shares will also be limited to the extent that there are sufficient New Shares from Eligible Retail Shareholders who do not take up their full Retail Entitlements. AJL and the Underwriter may scale-back applications made for Additional New Shares (in their absolute discretion).

If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have a separate Retail Entitlement for each separate holding.

New Shares issued under the Retail Entitlement Offer (including any Additional New Shares) will be fully paid and from allotment rank equally in all respects with existing Shares and will be entitled to dividends/distributions on the same basis as existing Shares.

See Sections 5.1 and 5.14 for information on restrictions on participation in the Retail Entitlement Offer.

2.4 Consider the Retail Entitlement Offer carefully in light of your particular investment objectives and circumstances

The Retail Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow entitlement offers to be made without a prospectus. This Retail Offer Booklet does not contain all of the information which may be required in order to make an informed decision regarding an application for New Shares offered under the Retail Entitlement Offer. As a result, it is important for you to read carefully and understand the information on AJL and the Retail Entitlement Offer made publicly available, including the information lodged by AJL with ASX as part of its continuous disclosure obligations, prior to deciding whether to take up all or part of your Retail Entitlement or do nothing in respect of your Retail Entitlement. In particular, please refer to this Retail Offer Booklet and other announcements made available at www.asx.com.au (including announcements which may be made by AJL after publication of this Retail Offer Booklet).

Please consult with your stockbroker, accountant or other professional adviser if you have any queries or are uncertain about any aspect of the Retail Entitlement Offer. You should also refer to the “Key risks” section of the AJL Investor Presentation included in Section 4 of this Retail Offer Booklet.

2.5 Options available to you

If you are an Eligible Retail Shareholder, you may take any of the following actions. Each of these options may have a materially different outcome on any value you receive in respect of your Retail Entitlement:

- (a) take up all or part of your Retail Entitlement or take up all of your Retail Entitlement and apply for Additional New Shares (see Section 2.5.1); or
- (b) do nothing, in which case you will not receive any payment or value for that Retail Entitlement not taken up (see Section 2.5.2).

2.5.1 If you wish to take up all or part of your Retail Entitlement or take up all of your Retail Entitlement and apply for Additional New Shares

If you wish to take up all or part of your Retail Entitlement or if you wish to take up all of your Retail Entitlement and apply for Additional New Shares, please either:

- complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies; or
- pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form,

in each case, by no later than 5.00pm (Sydney time) on Tuesday, 26 April 2016.

You may only apply for Additional New Shares in excess of your Retail Entitlement up to that number of Shares that equal your Retail Entitlement as at the Record Date (i.e., if your Retail Entitlement was 2,000 New Shares, you may apply for up to a further 2,000 Additional New Shares, being up to 4,000 Shares in total for which you can subscribe).

Application Monies received by AJL in excess of the amount in respect of your Retail Entitlement may be treated as an application to apply for as many Additional New Shares up to that number of Shares that equal your Retail Entitlement as at the Record Date, as that excess amount will pay for in full at the Offer Price.

If you take up and pay for all or part of your Retail Entitlement before the close of the Retail Entitlement Offer, it is expected that you will be issued New Shares on Tuesday, 3 May 2016. If you apply for Additional New Shares then, subject to AJL and the Underwriter's absolute discretion to scale back your application for Additional New Shares (in whole or part), you will be issued those Additional New Shares on Tuesday, 3 May 2016. The decision on the number of Additional New Shares to be issued to you will be final.

2.5.2 If you take no action

If you take no action, you will not be allocated New Shares and your Retail Entitlement will lapse. Your Retail Entitlement to participate in the Retail Entitlement Offer is non-renounceable and will not be tradeable or otherwise transferable. Shareholders who do not take up their Retail Entitlements in full will not receive any payment or value for those Retail Entitlements they do not take up.

2.6 Payment

You can pay in the following ways:

- by BPAY®; or
- by cheque, bank draft, or money order.

Cash payments will not be accepted. Receipts for payment will not be issued. AJL will treat you as applying for as many New Shares (and any Additional New Shares in accordance with Section 2.5.1) as your payment will pay for in full at the Offer Price.

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Any Application Monies received for more than your final allocation of New Shares (and any Additional New Shares) will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to applicants on any Application Monies received or refunded.

Payment by BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form. You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure you use the specific Biller Code and your unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when taking up your Retail Entitlement in respect of one of those holdings only, use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your application will not be recognised as valid.

Please note that should you choose to pay by BPAY®:

- you do not need to submit your personalised Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that personalised Entitlement and Acceptance Form and in Section 2.8; and
- if you do not pay for your full Retail Entitlement, you are deemed to have taken up your Retail Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the AJL Share Registry by no later than 5.00pm (Sydney time) on Tuesday, 26 April 2016. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make payment.

Payment by cheque, bank draft or money order

For payment by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to “AJ Lucas Group Limited Entitlement Offer” and crossed “Not Negotiable”.

Your cheque, bank draft or money order must be:

- for an amount equal to the full Application Monies (being A\$0.21 multiplied by the number of New Shares that you are applying for and any Additional New Shares in accordance with Section 2.5.1)); and
- in Australian currency drawn on an Australian branch of a financial institution. Payment cannot be made in New Zealand dollars. New Zealand resident shareholders must arrange for payment to be made in Australian dollars.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque will be processed on the day of receipt. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower whole number of New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your personalised Entitlement

and Acceptance Form) and to have made the representations and warranties in Section 2.8. Alternatively, your application will not be accepted.

2.7 Mail delivery

To participate in the Retail Entitlement Offer, your payment must be received no later than the close of the Retail Entitlement Offer, being 5.00pm (Sydney time) on Tuesday, 26 April 2016. If you make payment via cheque, bank draft or money order, you should mail your completed personalised Entitlement and Acceptance Form together with Application Monies to:

Mailing Address

AJ Lucas Group Limited
C/- Computershare Investor Services Pty Limited
GPO Box 2987, Adelaide SA 5001, Australia

Personalised Entitlement and Acceptance Forms and Application Monies will not be accepted at AJL's registered or corporate offices or other offices of the AJL Share Registry.

2.8 Representations by acceptance

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY® or otherwise applying to participate (including after having acquired Retail Entitlements in New Shares), you will be deemed to have represented and warranted on behalf of yourself and each person or account for which you are acting to AJL that you are an Eligible Retail Shareholder and:

- acknowledge that you have read and understand this Retail Offer Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Offer Booklet (including Sections 2.8 and 5.5), and AJL's constitution;
- authorise AJL to register you as the holder(s) of New Shares (and any Additional New Shares) allotted to you;
- declare that all details and statements in the personalised Entitlement and Acceptance Form are complete and accurate;
- declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the personalised Entitlement and Acceptance Form;
- acknowledge that once AJL receives your personalised Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your application or funds provided except as allowed by law;
- agree to apply for and be issued up to the number of New Shares (and any Additional New Shares) specified in the personalised Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Offer Price per New Share (and any Additional New Share);
- authorise AJL, the AJL Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares (and any Additional New Shares) to be issued to you, including to act on instructions of the AJL Share Registry upon using the contact details set out in your personalised Entitlement and Acceptance Form;
- declare that you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;

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- acknowledge that the information contained in this Retail Offer Booklet and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares (and any Additional New Shares) are suitable for you given your investment objectives, financial situation or particular needs;
- acknowledge that this Retail Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in AJL and is given in the context of AJL's past and ongoing continuous disclosure announcements to ASX;
- acknowledge the statement of risks in the "Key risks" section of the AJL Investor Presentation contained in Section 4 of this Retail Offer Booklet, and that investments in AJL are subject to risk;
- acknowledge that none of AJL or its respective related bodies corporate and affiliates and their respective directors, contractors, partners, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of AJL, nor do they guarantee the repayment of capital;
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date;
- authorise AJL to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- represent and warrant (for the benefit of AJL and its related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;
- represent and warrant that the law of any place does not prohibit you from being given access to this Retail Offer Booklet and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares (and any Additional New Shares) and that you are otherwise eligible to participate in the Retail Entitlement Offer;
- represent and warrant that you are not in the United States and you are not acting for the account or benefit of a person in the United States;
- you understand and acknowledge that neither the Entitlements (including, the Retail Entitlements) nor New Shares (and any Additional New Shares) have been, and none of them will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. The Entitlements (including, the Retail Entitlements) may not be taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of a person in the United States. You further acknowledge that New Shares (and any Additional New Shares) offered and sold pursuant to the Retail Entitlement Offer may only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act;
- you are subscribing for Retail Entitlements or purchasing New Shares (and any Additional New Shares) in an "offshore transaction" (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act;
- you have not and will not send this Retail Offer Booklet, the personalised Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States or any other country outside Australia and New Zealand;
- if in the future you decide to sell or otherwise transfer the New Shares (and any Additional New Shares), you will only do so in regular way transactions on the ASX or otherwise where neither

- you nor any person acting on your behalf know, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or is acting for the account or benefit of a person in the United States; and
- if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the personalised Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Retail Offer Booklet, the personalised Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person.

2.9 Enquiries

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions, please contact the AJL Offer Information Line on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia). The AJL Offer Information Line will be open from 8.30am to 5.00pm (Sydney time), Monday to Friday, until 5 May 2016. Alternatively, you can access information about the Retail Entitlement Offer online at www.lucas.com.au. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

Section 3 Australian taxation considerations

Set out below is a general summary of the Australian income tax, goods and services tax (**GST**) and stamp duty implications associated with the subscription of New Shares and the subscription of Additional New Shares for certain Eligible Retail Shareholders (for the purposes of this Section 3, collectively the **Transactions**).

The tax implications associated with the Transactions will vary depending on your particular circumstances. Neither AJL nor any of its officers or employees, nor its taxation or other advisers, accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences.

The comments in this section deal only with the Australian taxation implications associated with the Transactions if you:

- are a resident for Australian income tax purposes; and
- hold your Shares on capital account.

The comments do not apply to you if you:

- are not a resident for Australian income tax purposes; or
- hold your Shares as revenue assets or trading stock (which will generally be the case if you are a bank, insurance company or carry on a business of share trading); or
- acquired the Shares in respect of which the Retail Entitlements are issued under any employee share scheme or where the New Shares (and any Additional New Shares) are acquired pursuant to any employee share scheme.

This taxation summary is necessarily general in nature and is based on the Australian tax legislation and administrative practice in force as at the date of this Retail Offer Booklet. It does not take into account any financial objectives, tax positions, or investment needs of Eligible Retail Shareholders. As the taxation implications associated with the Transactions will vary depending upon your particular circumstances, you should seek and rely upon your own professional tax advice before concluding on the particular taxation treatment that will apply to you.

3.1 Issue of Retail Entitlements

The issue of the Retail Entitlements should not, of itself, result in any amount being included in your assessable income.

3.2 Exercise of Retail Entitlements and applying for Additional New Shares

If you take up (i.e. exercise) all or part of your Retail Entitlement, you will acquire New Shares. You will also acquire Additional New Shares if your application for Additional New Shares is accepted. The cost base (and reduced cost base) for capital gains tax (**CGT**) purposes of each New Share and Additional New Share will be equal to the Offer Price for those New Shares and Additional New Shares (respectively) plus certain non-deductible incidental costs you incur in acquiring them.

No income tax or capital gains tax liability will arise for you on the exercise of your Retail Entitlement.

3.3 Dividends on New Shares and Additional New Shares

Any future dividends or other distributions made in respect of New Shares and Additional New Shares will be subject to the same income taxation treatment as dividends or other distributions made on existing Shares held in the same circumstances.

3.4 Disposal of New Shares and Additional New Shares

The disposal of a New Share or an Additional New Share will constitute a disposal for CGT purposes.

On disposal of a New Share or Additional New Share, you will make a capital gain if the capital proceeds on disposal exceed the total cost base of the New Share or Additional New Share (as relevant). You will make a capital loss if the capital proceeds are less than the total reduced cost base of the New Share or Additional New Share. The cost base of New Shares and Additional New Shares is described above in Section 3.2.

Individuals, trustees or complying superannuation entities that have held New Shares or Additional New Shares for 12 months or more at the time of disposal (not including the date of acquisition or disposal) should be entitled to apply the applicable CGT discount factor to reduce the capital gain (after offsetting any available capital losses).

The CGT discount factor is 50% for individuals and trustees and 33⅓% for complying superannuation entities.

New Shares will be treated for the purposes of the CGT discount as having been acquired when you exercise your Retail Entitlement and the Additional New Shares will be treated as having been acquired when they are issued to you. Accordingly, in order to be eligible for the CGT discount on the disposal of a New Share or Additional New Share:

- the New Share must be held for at least 12 months after the date that you exercised your Retail Entitlement; and
- the Additional New Share must be held for at least 12 months after the date that it was issued to you.

If you make a capital loss, you can only use that loss to offset other capital gains from other sources; i.e. the capital loss cannot be used against taxable income on revenue account. However, if the capital loss cannot be used in a particular income year it can be carried forward to use in future income years, providing certain tests are satisfied.

3.5 Taxation of Financial Agreements

The Taxation of Financial Arrangements rules pursuant to Division 230 of the *Income Tax Assessment Act 1997* (Cth) (**TOFA Provisions**) operate to make assessable or deductible, gains or losses arising from certain “financial arrangements”. An entitlement or right to receive a share is a “financial arrangement”. However, depending upon on the circumstances of the particular Eligible Retail Shareholder, the TOFA Provisions may not apply. Further certain taxpayers (including many individuals) may be excluded from the operation of the TOFA Provisions unless they have made a valid election for it to apply.

The application of the TOFA Provisions is dependent on the particular facts and circumstances of the Eligible Retail Shareholder. Each Eligible Retail Shareholder should obtain their own advice regarding the potential application of the TOFA Provisions to their particular facts and circumstances.

3.6 Retail Entitlements not taken up

Any Retail Entitlement not taken up under the Retail Entitlement Offer will lapse and the Eligible Retail Shareholder will not receive any consideration for that Retail Entitlement not taken up. In these circumstances, there should not be any tax implications for an Eligible Retail Shareholder.

3.7 Other Australian Taxes

No Australian GST or stamp duty will be payable by Eligible Retail Shareholders in respect of the issue or taking up of Retail Entitlements, the acquisition of New Shares or the acquisition of any Additional New Shares, pursuant to the Retail Entitlement Offer.

Section 4 ASX Announcements (including AJL Investor Presentation)



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17 March 2016

AJ Lucas Group Limited
\$21.1 million capital raising to strengthen balance sheet

- **Partially underwritten capital raising of \$21.1 million**
- **3 for 8 pro-rata accelerated non-renounceable entitlement offer**
- **Entitlement Offer price of \$0.21 per AJ Lucas share**

AJ Lucas Group Limited (ASX:AJL) (AJ Lucas or the *Company*) today announced it is undertaking a 3 for 8 pro-rata accelerated non-renounceable entitlement offer to eligible shareholders to raise approximately \$21.1 million (the ***Entitlement Offer***).

Patersons Securities Limited has been appointed by the Company as Lead Manager and Underwriter (the ***Underwriter***) and has received firm commitments from the Company's two largest shareholders with the Underwriter agreeing to underwrite the shortfall (excluding the firm commitments). The Underwriter has obtained sub-underwriting support from the Company's largest shareholder, Kerogen Investments No. 1 (HK) Limited (***Kerogen***), and certain new institutional investors. As a result, the combination of the shareholder commitments and underwriting of the shortfall is equal to the gross proceeds intended to be raised under the Entitlement Offer.

Funds raised will be used to partially repay amounts due and payable under the Kerogen senior secured and short term loans and to provide funds for short term general working capital purposes, including ongoing funding of the Company's UK investments and scheduled payments to the ATO. A larger funding strategy is being developed to meet the needs of the Company longer term, including meeting its commitments for the Cuadrilla shale gas projects.

The price for the Entitlement Offer has been set at \$0.21, a discount of \$0.04 or 16% compared to the Company's last traded share price on Friday, 11 March 2016 of \$0.25.

The Company's shares were voluntarily suspended on Wednesday 16 March 2016, in order to finalise the details of this capital raising, and will remain in suspension, with quotation expected to recommence on Monday, 21 March 2016.

Entitlement Offer

The Entitlement Offer comprises a pro-rata accelerated non-renounceable Institutional Entitlement Offer and a Retail Entitlement Offer.

Kerogen, the Company's largest shareholder, has committed to subscribe for its pro rata entitlement (\$11.1 million) and to sub-underwrite \$2.9 million in total to support the Entitlement Offer. Kerogen has agreed that the Underwriter may allocate to it the first \$2.5 million of any shortfall from the Entitlement Offer¹.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer to be conducted on Thursday, 17 March 2016 and Friday, 18 March 2016. Eligible institutional shareholders can choose to take up all, part, or none of their entitlements. These entitlements cannot be traded on the ASX or transferred.

Retail Entitlement Offer

Eligible retail shareholders will be invited to participate in the Retail Entitlement Offer at the same offer price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Thursday, 24 March, 2016 and close on Tuesday, 26 April 2016. Eligible retail shareholders can choose to take up all, part, or none of their entitlements. Retail shareholders may also apply for additional share allocations above their entitlement, subject to certain constraints, with the final decision on allocation of additional shares at the sole discretion of the Company and the Underwriter.

Further details about the Retail Entitlement Offer will be set out in a retail offer booklet, which the Company expects to lodge with the ASX on Thursday, 24 March 2016.

Commenting on the capital raising, Phil Arnall, Chairman of the Company, said:

"We believe it is in the interests of all shareholders to support the capital raising and we are pleased with the binding commitments we received so far. This capital raising is the first step in a broader strategy to provide financial flexibility to enable AJ Lucas to manage its debt obligations and future commitments for the Cuadrilla shale gas project."

¹ At institutional settlement, Kerogen is obliged to settle for that number of shares (based on the issue price) that is equal to the lower of an aggregate subscription amount of (a) amounts which can be set-off as due and payable by the Company, plus any additional cash chosen to be made; and (b) \$2.5 million. At retail settlement, Kerogen is then obliged to subscribe for all shares allocated to it which it has not yet subscribed for. Kerogen can settle its subscription for allocated shortfall shares by any combination of cash payment or by way of set-off against amounts due and payable by the Company to Kerogen as agreed between the Company and Kerogen in connection with the Kerogen financing arrangements.

Indicative Entitlement Offer timetable:

These dates are indicative only and may change without notice.

| Event | Date |
|---|--|
| Announce Entitlement Offer | Thursday, 17 March 2016 |
| Suspension | Thursday, 17 March 2016 to Friday, 18 March 2016 |
| Institutional Entitlement Offer closes | Friday, 18 March 2016 |
| AJL shares recommence trading on ASX | Monday, 21 March 2016 |
| Record Date | 7.00pm Monday, 21 March 2016 |
| Retail Entitlement Offer opens | Thursday, 24 March 2016 |
| Retail Entitlement Offer booklet dispatched | Thursday, 24 March 2016 |
| Settlement of Institutional Entitlement Offer | Wednesday, 30 March 2016 |
| Initial new Shares allotted under the Institutional Entitlement Offer and issued and commence normal settlement trading | Thursday, 31 March 2016 |
| Retail Entitlement Offer closes | Tuesday, 26 April 2016 |
| Announce results of the Retail Entitlement Offer | Friday, 29 April 2016 |
| Settlement of remaining new Shares under the Retail Entitlement Offer, including additional new Shares | Monday, 2 May 2016 |
| Final allotment and issue of remaining new Shares under the Retail Entitlement Offer, including additional new Shares | Tuesday, 3 May 2016 |
| Dispatch of holding statements and normal trading of new Shares under the Retail Entitlement Offer, including additional new Shares | Wednesday, 4 May 2016 |

For further information, please contact:

AJ Lucas Group Limited +61 (0)2 9490 4000
 Marcin Swierkowski Company Secretary

Financial & Corporate Relations

James Strong +61 (0)423 338 005 or
 j.strong@fcr.com.au

About AJ Lucas Group Limited

AJ Lucas is a leading provider of specialist infrastructure, construction and drilling services to the energy, water and wastewater, resources and public infrastructure sectors. In particular, it is the largest supplier of drilling and gas management services to Australia's coal industry.

AJ Lucas is also a proven developer of unconventional hydrocarbon properties. Current investments include a 45% shareholding in Cuadrilla Resources Holdings Limited, an exploration and production company focused on unconventional hydrocarbons, and direct interests of 23.75% of the Bowland Licence and 25% of the Weald Licence in respectively North West and South East England.



AJ Lucas Group Limited

Capital Raising, 17 March 2016



Disclaimer

This Presentation has been prepared by AJ Lucas Group Limited (ACN 060 309 104) (AJL).

Summary information

- This Presentation contains summary information about the AJ Lucas Group. This information is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor should consider when making an investment decision or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act. This Presentation should be read in conjunction with AJL's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available at www.asx.com.au.

Not an offer

- This Presentation is not a prospectus, product disclosure statement or other offering document under Australian law (and will not be lodged with ASIC) or any other law. This Presentation is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction.

Not investment advice

- This Presentation does not constitute investment or financial product advice nor any recommendation to acquire entitlements or New Shares. It is not intended to be used as the basis for making a financial decision, nor is it intended to constitute legal, tax, or accounting advice or opinion. Any references to, or explanations of, legislation, regulatory issues, benefits or any other legal commentary (particularly in the "key risks" and "benefits of the recapitalisation" sections of the Presentation) are indicative only, do not summarise all relevant issues and are not intended to be a full explanation of a particular matter. Recipients should make their own enquiries and investigations regarding any investment, and should seek their own professional advice on the legal, financial, accounting, taxation and other consequences of investing in any securities in AJL.
- The Presentation has been prepared without taking into account your investment objectives, financial situation or particular needs. No reliance may be placed for any purpose whatsoever on the information contained in the Presentation or on its accuracy or completeness. Any reliance on this communication could potentially expose you to a significant risk of losing all of the funds invested by you in AJL or the incurring by you of additional liability.

Investment risk

- An investment in shares is subject to known and unknown risks, some of which are beyond the control of AJL, including possible loss of income and principal invested. AJL does not guarantee any particular rate of return or the performance of AJL, nor does it guarantee the repayment of capital from AJL or any particular tax treatment.
- Investors should have regard to the risk factors outlined in this Presentation when making their investment decision.

Forward looking statements

- The Presentation contains forward looking statements. You should be aware that such statements are only estimates or predictions, which may be based on subjective judgments and assumptions as to future events, which may or may not occur and which are subject to inherent risks and uncertainties, many of which are beyond the control of AJL. Actual events or results may differ materially from the events or results expected or implied in any forward looking statement. No representation or warranty (whether express or implied) is made as to the accuracy or likelihood of fulfilment of any forward looking statement, including whether any aspect of AJL's proposed recapitalisation will be achieved.

Past performance

- Investors should note that past performance, including past share price performance and pro forma historical information in this Presentation is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) future performance including future share price performance. This historical information includes pro forma historical information which is not represented as being indicative of AJL's views on its future financial condition and/or performance. The historical information in this Presentation is, or is based upon, information that has been released to ASX.



Disclaimer (continued)

Disclaimers

- None of AJL's advisers or Kerogen Investments No.1 (HK) Limited, nor any of their respective affiliates, related bodies corporate, directors, officers, partners, employees, contractors, professional advisers or agents, ("Limited Parties"), have authorised, permitted or caused the issue, submission, dispatch or provision of this Presentation and there is no statement in this presentation which is based on any statement by them. None of the Limited Parties take any responsibility for any information in this presentation or any action taken by investors on the basis of such information and, except to the extent referred to in this Presentation, none of them makes or purports to make any statement in this Presentation.
- Not all of the information contained in the Presentation has been subject to independent audit or review. No representation or warranty, express or implied, is made as to the currency, accuracy, fairness, sufficiency, reliability or completeness of the information, projections, opinions or beliefs contained in this Presentation. To the maximum extent permitted by law, no liability (including without limitation, any liability arising out of mistakes, omissions, misstatements, misrepresentations in the Presentation or out of any other fault or negligence) is accepted by AJL, its officers, employees or contractors or the Limited Parties for any loss, cost or damage suffered or incurred as a result of the reliance on such information, projections, opinions or beliefs. The Limited Parties make no recommendations or endorsements as to whether any recipient should participate in the Offer and, to the maximum extent permitted by law, disclaim any fiduciary relationship with any recipient.
- The information in this Presentation remains subject to change without notice. AJL reserves the right to withdraw the Offer and/or vary the timetable for the Offer without notice. AJL, its officers, employees and contractors and the Limited Parties undertake no obligation to provide any recipient with access to any additional information or to notify any recipient or any other person of any matter arising or coming to its notice after the date that the Presentation was issued.
- Investors represent, warrant and agree that they have not relied on any statements made by any of the Limited Parties in relation to the issue of new shares or the Offer generally.

Financial data

- All dollar values are in Australian dollars (A\$), unless otherwise stated. Financial data is presented at actual foreign exchange rates, unless otherwise stated. A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculations of these figures may differ from figures set out in this Presentation.
- Unless specifically indicated in this Presentation, the financial information contained in this Presentation has not been audited, examined or otherwise reviewed in accordance with Australian Accounting Standards.

Distribution restrictions

- Neither the Presentation, nor any copy of it, may be taken, transmitted into or otherwise made available in the United States or any jurisdiction where their issuance, distribution or transmission are prohibited under the law of that jurisdiction. Any failure to comply with any such restriction may constitute a violation of relevant local securities laws.



Summary of capital raising

- AJL is undertaking an Entitlement Offer to raise gross proceeds of approximately \$21.1 million.
- Size and structure
 - 3 for 8 Accelerated Non-Renounceable Institutional Entitlement Offer to raise ~\$17.4 million.
 - 3 for 8 Non-Renounceable Retail Entitlement Offer to raise ~\$3.7 million.
- \$0.21 fixed Offer Price
 - 12.2% discount to the Theoretical Ex-Rights Price (**TERP**).¹
 - 16.0% discount to the last closing pricing on Friday, 11 March 2016 of \$0.25.
- Approximately 100.3 million new shares would be issued as part of AJL's capital raising, increasing AJL's total issued share capital to approximately 367.7 million. All shares issued under the Entitlement Offer would rank pari passu with existing shares.
- Patersons Securities Limited (the **Underwriter**) has received firm commitments from AJL's two largest shareholders. The Underwriter has agreed to underwrite the shortfall (excluding the firm commitments).
- The Underwriter has obtained sub-underwriting support from Kerogen and certain new institutional investors. As a result, the combination of the shareholder commitments and underwriting of the shortfall is equal to the gross proceeds intended to be raised under the Entitlement Offer.

¹ TERP is the theoretical price at which AJL shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which AJL shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to AJL's closing price on 11 March 2016.



Summary of capital raising (continued)

- Institutional Entitlement Offer
 - Proceeds raised under the Institutional Entitlement Offer – approximately \$17.4 million.
 - AJL's largest shareholder – Kerogen – has agreed to subscribe in full for its pro rata entitlement (52.8 million shares/\$11.1 million).
 - Mr. Paul Fudge, AJL's second largest shareholder, has agreed to subscribe in full for his pro rata entitlement (12.4 million shares/\$2.6 million).
- Retail Entitlement Offer
 - Proceeds raised under the Retail Entitlement Offer – approximately \$3.7 million.
 - Retail shareholders are afforded the opportunity, but not the obligation, to subscribe for additional shares up to that number of shares that equal their original entitlement as at the Record Date (i.e., if their original entitlement was 2,000 shares they may apply for up to a further 2,000 shares, being up to 4,000 shares in total for which they can subscribe).
 - The maximum number of shares AJL would issue in satisfaction of applications for overallocations it may receive under the retail overallocation facility would be capped at 5 million.
 - Shares not taken up under the Retail Entitlement Offer or under the retail overallocation facility would be allocated to the Underwriter in accordance with the terms of the Underwriting Agreement.
 - All allocations of additional shares above original entitlements would be made at the sole discretion of the Underwriter / AJL and therefore, any additional allotment of overallocation shares is not guaranteed.
- The Entitlement Offer is partially sub-underwritten by the following institutions:
 - Kerogen is sub-underwriting up to \$2.9 million, which when combined with its pro rata entitlement of \$11.1 million, amounts to a total commitment of up to \$14 million (being up to 66.7 million new shares) (see details on page 9).
 - Several new international institutional investors that are sub-underwriting for up to a total amount of \$4.5 million.
 - Shareholders would not receive any proceeds for entitlements not taken up.



Pro forma balance sheet

- Expected gross proceeds from the Entitlement Offer would be \$21.1 million.
- Additional cash available to the Company would be not less than \$7.7 million.⁽⁶⁾

Balance Sheet (\$ million)

| | 31 December 2015 | Subsequent material movements in cash ⁽²⁾⁽³⁾ | | Equity capital raising March 2016 ⁽⁴⁾⁽⁵⁾ | Proforma Balance Sheet |
|---|------------------|---|--------------|---|------------------------|
| Cash | 17.1 | | | | |
| - Restricted Cash ⁽¹⁾ (held at JV) | 8.0 | | 8.0 | | 8.0 |
| - Cash AJL | 9.1 | -6.0 | 3.1 | 7.7 | 10.8 |
| Receivables and inventories | 24.7 | 6.0 | 30.7 | | 30.7 |
| Plant and equipment | 44.9 | | 44.9 | | 44.9 |
| Cuadrilla and exploration assets | 126.6 | 1.0 | 127.6 | | 127.6 |
| Other | 1.4 | | 1.4 | | 1.4 |
| Total Assets | 214.7 | | 215.7 | | 223.4 |
| Payables | 25.4 | | 25.4 | | 25.4 |
| Debt | 83.8 | 1.0 | 84.8 | -13.4 | 71.4 |
| Tax liability | 32.8 | | 32.8 | | 32.8 |
| Other liabilities | 4.7 | | 4.7 | | 4.7 |
| Total liabilities | 146.7 | | 147.7 | | 134.3 |
| Net Assets | 68.0 | | 68.0 | | 89.1 |
| Share capital | 339.7 | | 339.7 | 21.1 | 360.8 |
| Reserves | -271.7 | | -271.7 | | -271.7 |
| Shareholder equity | 68.0 | | 68.0 | | 89.1 |

¹ \$8.0 million is restricted cash (held at JV for project expenditure)

² \$6.0 million has been as collateral for a bank guarantee to support bonding requirements against the VNIE project won in December 2015

³ \$1.0 million for Cuadrilla cash expenditure commitments met from additional short term debt now due and payable to Kerogen

⁴ Assumes interest owing and payable to Kerogen at the end of April 2016 is offset by the issue of shares

⁵ Gross before fees

⁶ \$21.1 million less amounts due and payable to Kerogen at the end of April of approximately \$13.4 million (subject to FX movements)



Underwriting

Patersons Securities Limited (the **Underwriter**) has received firm commitments from AJL's two largest shareholders. The Underwriter has agreed to underwrite the shortfall (excluding the firm commitments).

The Underwriter has obtained sub-underwriting support from Kerogen and certain new institutional investors. As a result, the combination of the shareholder commitments and underwriting of the shortfall is equal to the gross proceeds intended to be raised under the Entitlement Offer.

Commission, fees and expenses

AJL has agreed to pay to the Underwriter a corporate retainer of \$25,000 (excluding GST), an offer management fee of 1.25% (excluding GST) of the Entitlement Offer and a selling fee of 5.00% (excluding GST) of amounts raised under the Entitlement Offer, excluding Kerogen's pro rata entitlement. The Underwriter would also be reimbursed for certain expenses.

Representations and warranties

In the Underwriting Agreement, AJL provides a number of representations and warranties to the Underwriter, including:

- i. the new shares will rank equally in all respects with other ordinary shares of AJL, including for future dividends payable;
- ii. the new shares will be issued free from all encumbrances, other than as provided for in AJL's constitution;
- iii. the offer materials (including this announcement) do not contain any information that is misleading or deceptive or likely to mislead or deceive, including by way of omission;
- iv. AJL is entitled to conduct the Entitlement Offer without a requirement for a prospectus in accordance with 708AA (as amended by ASIC Class Order 08/35), respectively;
- v. AJL is able to provide, and there is nothing preventing it from providing a cleansing statement as required by section 708AA(7) of the Corporations Act in respect of the new shares;
- vi. AJL has, or will have, obtained all waivers of the ASX Listing Rules necessary or appropriate to conduct the Entitlement Offer and issue the new shares.



Underwriting (continued)

Indemnity

Subject to certain exclusions relating to, among other things, wilful default, misconduct, fraud, negligence or breach of contract of an indemnified party, AJL agrees to keep the Underwriter and certain associated parties indemnified from losses suffered in connection with the Entitlement Offer.

Termination events

There are certain events which trigger termination of the Underwriting Agreement during the Institutional Entitlement Offer and Retail Entitlement Offer periods. The ability of the Underwriter to terminate the Underwriting Agreement in respect of some events will depend on whether the event has or is likely to have: a material adverse effect; prohibits or restricts the conduct of the Entitlement Offer; will or is likely to materially reduce the level of valid applications; or gives rise or would be likely to give rise to a liability of the Underwriter.



Sub-underwriting

Kerogen and the new international institutional investors have each agreed with the Underwriter to act as sub-underwriters to the Entitlement Offer.

Kerogen sub-underwriting agreement

- Kerogen has entered into a Sub-underwriting Agreement with the Underwriter to provide up to \$2.9 million in support of the Entitlement Offer, subject to the terms and conditions of the Sub-underwriting Agreement between the parties.
- Kerogen has agreed that the Underwriter may allocate to it the first \$2.5 million of any shortfall from the Entitlement Offer.¹
- Kerogen has not been paid any fees for entering into the Sub-underwriting Agreement nor would it be paid any fees or issued any bonus shares for shares that may be allocated to it under the Sub-underwriting Agreement.
- Kerogen retains the right to nominate, while it holds more than 30% of the issued capital of AJL, 2 directors to the AJL Board. Kerogen currently has 1 director nominated to the AJL Board.
- Kerogen currently holds 52.6% of AJL. At the end of the Institutional Entitlement Offer, this shareholding could increase to 59.6% should no other institutional shareholders other than Mr. Fudge take up their entitlement. This would then reduce to 55.9% by the end of the Retail Entitlement Offer (assuming no retail shareholders take up their entitlement and the sub-underwriters are allocated the shortfall pro rata to their commitment). (See also slide 13.)

New international institutional investors sub-underwriting agreements

- Each of the new international institutional investors have entered into Sub-underwriting Agreements with the Underwriter to provide up to \$4.5 million in support of the Entitlement Offer, subject to the terms and conditions of the Sub-underwriting Agreements between the parties.
- These new investors would receive one bonus share for every six shares they are allocated by the Underwriter.

¹ At institutional settlement, Kerogen is obliged to settle for that number of shares (based on the issue price) that is equal to the lower of an aggregate subscription amount of (a) amounts which can be set-off as due and payable by the Company, plus any additional cash chosen to be made; and (b) \$2.5 million. At retail settlement, Kerogen is then obliged to subscribe for all shares allocated to it which it has not yet subscribed for. Kerogen can settle its subscription for allocated shortfall shares by any combination of cash payment or by way of set-off against amounts due and payable by the Company to Kerogen as agreed between the Company and Kerogen in connection with the Kerogen financing arrangements.

- The Entitlement Offer will allow AJL to make a minimum payment of \$11.1 million that is due and payable to Kerogen¹.
- The expected gross proceeds from the Entitlement Offer would be \$21.1 million and it is expected that the additional cash available to the Company would be not less than \$7.7 million, being \$21.1 million less amounts due and payable to Kerogen at the end of April of approximately \$13.4 million (subject to FX movements). On this basis, Kerogen's total commitment of \$14 million means new cash from Kerogen of a minimum of \$600,000 assuming no participation in the Offer other than Kerogen and Mr Fudge. Kerogen may at its discretion elect to fund additional new cash in lieu of setting off amounts due and payable to it.
- The offer proceeds less the amount offset against monies due and payable to Kerogen will be applied to the cost of the capital raise then short term general working capital purposes, including ongoing funding of its UK investments and scheduled payments to the ATO.

NB: Kerogen has agreed to defer interest owed to it under the Loan Facilities until 30 September 2016.

Following the capital raising, the terms of its debt obligations can be summarised as follows:

| | |
|-----------|-----------------------------------|
| Type | Senior Secured USD Facilities |
| Principal | USD54.3 million |
| Interest | 15.0% per annum |
| Maturity | Between January and February 2017 |

¹ Amounts will be due and payable earlier upon receipt by AJL of any equity capital raising proceeds, such as the Entitlement Offer. Amounts due also include approximately \$1 million for Cuadrilla cash expenditure commitments of additional short term debt. Should repayment occur before 31 March 2016 then the amount due may be less as accrued interest will be lower. \$1.6m will be due to Kerogen at the end of April 2016. Amounts due to Kerogen are denominated in USD, making an exact calculation of the AUD equivalent exchange rate dependent.

Future financing plans

- The current fund raising may be insufficient to meet AJL's future liabilities which include:
 - its repayment obligations to the ATO (approximately \$690,000 per month);
 - the servicing and repayment of its loans from Kerogen (which are due in early 2017); and
 - the funding of its European investments.
- AJL's subsidiary, Cuadrilla Resources Holdings Limited (**Cuadrilla**), appealed a decision by the Lancashire County Council in July 2015 to reject Cuadrilla's application for appraisal sites in its licence area. Cuadrilla is funded by its shareholders and therefore requires funds from AJL to, amongst other things, progress this appeal. AJL may need to raise additional capital to maintain this action should it take longer to be decided than anticipated. Should Cuadrilla's appeal be successful, then AJL may also need to raise additional capital to fund its share of the field works that would ensue.
- AJL continues to address the recapitalisation of its balance sheet. This equity raise is being explored to raise short term cash to support working capital requirements of the business whilst a larger funding strategy is being developed to meet the needs of the Group longer term including meeting its commitments for the Cuadrilla shale gas projects.

- Kerogen has consented to AJL's request that it:
 - Allow any interest and fees due and any loan amounts currently repayable (see page 13) that are not repaid from the proceeds of the Entitlement Offer to be deferred and accrued to 30 September 2016.
 - Allow any interest falling due during the term of the Entitlement Offer (see page 13) and not repaid from the proceeds of the Entitlement Offer to be deferred and accrued to 30 September 2016.
 - Allow future interest payments due to it under the Loan Facilities to be deferred and accrued to 30 September 2016.
 - Underwrite the first \$2.5 million of any shortfall from the Entitlement Offer.¹
 - Forego the bonus share being offered as an incentive to other sub-underwriters.
- AJL has agreed with Kerogen that it would not raise capital in the next 12 months unless via way of a pro-rata offer to all shareholders.

¹ At institutional settlement, Kerogen is obliged to settle for that number of shares (based on the issue price) that is equal to the lower of an aggregate subscription amount of (a) amounts which can be set-off as due and payable by the Company, plus any additional cash chosen to be made; and (b) \$2.5 million. At retail settlement, Kerogen is then obliged to subscribe for all shares allocated to it which it has not yet subscribed for. Kerogen can settle its subscription for allocated shortfall shares by any combination of cash payment or by way of set-off against amounts due and payable by the Company to Kerogen as agreed between the Company and Kerogen in connection with the Kerogen financing arrangements.



Pro forma substantial shareholders

- The issue of new shares under the Entitlement Offer would have the following effect on AJL's major shareholders:

| Shareholders | Current shareholding | Share % | Maximum pro-forma shareholding ¹ | | Share % |
|---------------------------------------|----------------------|---------|--|---------------|---------|
| Kerogen Investments No.1 (HK) Limited | 140.7 million | 52.6 | As at the close of the Institutional Entitlement Offer | 205.3 million | 59.6 |
| | | | As at the close of the Retail Entitlement Offer | 207.3 million | 55.9 |
| Mr. Paul Fudge | 33.1 million | 12.4 | As at the close of the Institutional Entitlement Offer | 45.6 million | 13.2 |
| | | | As at the close of the Retail Entitlement Offer | 45.6 million | 12.4 |

¹ The amounts shown assume no participation by other shareholders in the Entitlement Offer. These figures may be lower than based on the amount of entitlements taken up by other shareholders (including under the retail over-allocation facility) and sub-underwriters under the Entitlement Offer.



Indicative Timetable¹

| Event | Date |
|---|--|
| Announce Entitlement Offer (trading suspension to continue) | Thursday, 17 March 2016 |
| Institutional Entitlement Offer opens | Thursday, 17 March 2016 |
| Trading suspension | Thursday, 17 March 2016 to Friday, 18 March 2016 |
| Institutional Entitlement Offer closes | Friday, 18 March 2016 |
| AJL shares recommence trading on ASX | Monday, 21 March 2016 |
| Record Date | Monday, 21 March 2016 |
| Retail Entitlement Offer opens | Thursday, 24 March 2016 |
| Retail Entitlement Offer booklet despatched | Thursday, 24 March 2016 |
| Settlement of Institutional Entitlement Offer | Wednesday, 30 March 2016 |
| Initial new Shares allotted under Institutional Entitlement Offer and issued and commence normal settlement trading | Thursday, 31 March 2016 |
| Retail Entitlement Offer closes | Tuesday, 26 April 2016 |
| Announce results of Retail Entitlement Offer | Friday, 29 April 2016 |
| Settlement of remaining new Shares under Retail Entitlement Offer, including additional new Shares | Monday, 2 May 2016 |
| Final allotment and issue of remaining new Shares under Retail Entitlement Offer, including additional new Shares | Tuesday, 3 May 2016 |
| Despatch of holding statements and normal trading of remaining new Shares, including additional new Shares | Wednesday, 4 May 2016 |

This timetable is indicative only and subject to change at discretion of AJL



APPENDIX

Corporate summary

Business Overview

| OPERATING BUSINESS UNITS | | INVESTMENT |
|--|--|---|
| Drilling Services (LDS) | Engineering & Construction (LEC) | Oil & Gas |
| The major drilling provider to the coal, CSG coal mine degassing and exploration drilling sectors in Australia | Provides engineering and construction services to the coal, energy, water and wastewater and public utilities sectors | Leverages drilling expertise to source early stage CSG, shale gas and oil opportunities and then prove up the relevant reserves |
| <i>Delivering intelligent and practical solutions to support a sustainable Australia</i> | | <i>Largest acreage position in Europe outside of majors</i> |
| A focused provider of surface to in-seam (SIS) coal mine gas extraction and well field services | A strong pipeline contractor with a small infrastructure construction capability including Horizontal Directional Drilling | Focused on unlocking value in the untapped unconventional oil and gas resources of the UK and Europe |
|  |  |  |

Ownership and governance

| Key Shareholders* | |
|--|-------|
| Kerogen Capital Specialist O&G private equity fund | 52.6% |
| Paul Fudge unconventional energy specialist | 12.4% |
| Andial Holdings | 6.5% |
| Amalgamated Dairies | 6.1% |

| AJL Board | |
|-----------|----------------|
| Chairman | Phil Arnall |
| Director | Julian Ball |
| Director | Ian Meares |
| Director | John O'Neill |
| Director | Andrew Purcell |

| AJL Nominees at Cuadrilla Board | |
|---------------------------------|--------------|
| Chairman | Roy Franklin |
| Director | Ivor Orchard |
| Director | Phil Arnall |

| Key financials | |
|---|----------------|
| Market Cap as at 31 December 2015 (s/p 35c) | A\$94 million |
| Total Debt | A\$116 million |
| Enterprise Value | A\$210 million |
| Underlying Group EBITDA 30 June 2015A (full year) | A\$9 million |
| Underlying Group EBITDA 31 December 2015A (half year) | A\$8 million |

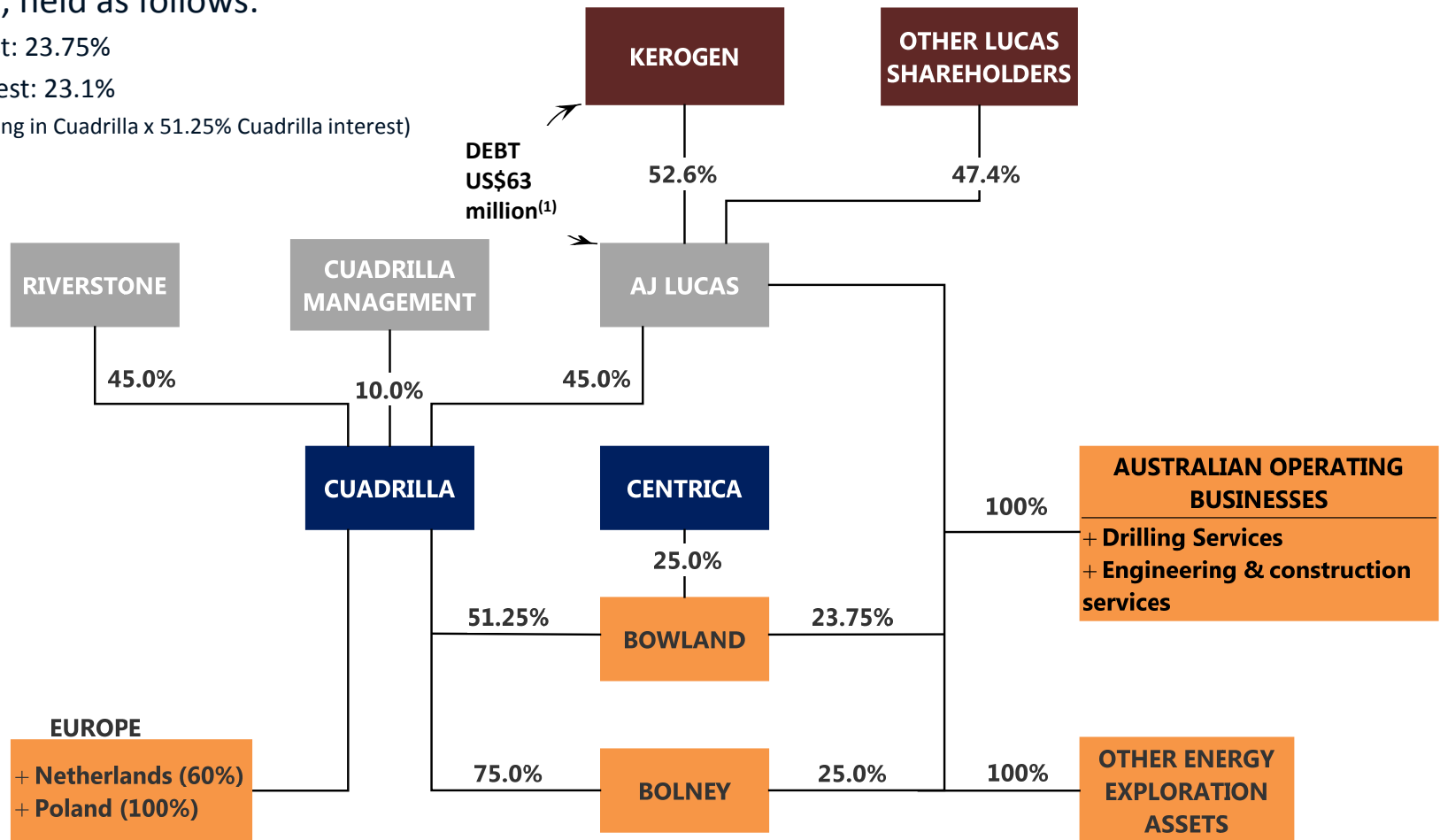
*2015 Annual Report



AJL & Cuadrilla corporate structure

AJL has an effective 46.8% interest in the Bowland asset, held as follows:

- Direct interest: 23.75%
- Indirect interest: 23.1%
(45% shareholding in Cuadrilla x 51.25% Cuadrilla interest)





LUCAS



CUADRILLA
RESOURCES

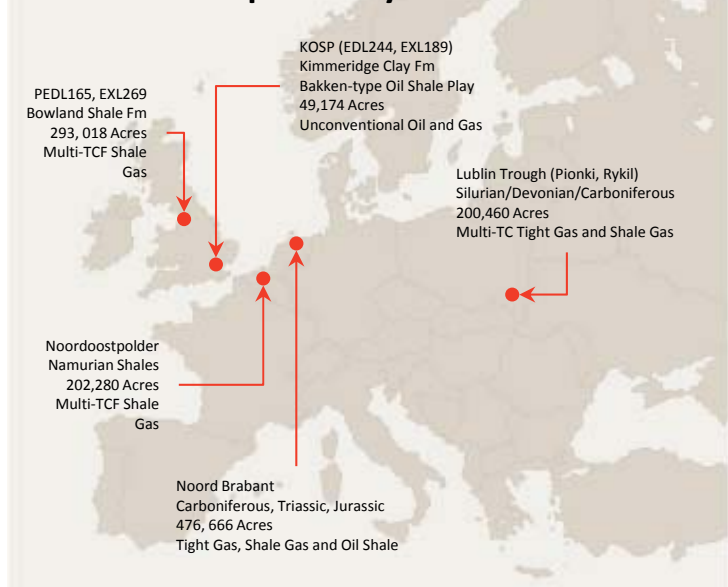
OIL & GAS INVESTMENTS



AJ Lucas E&P investment history

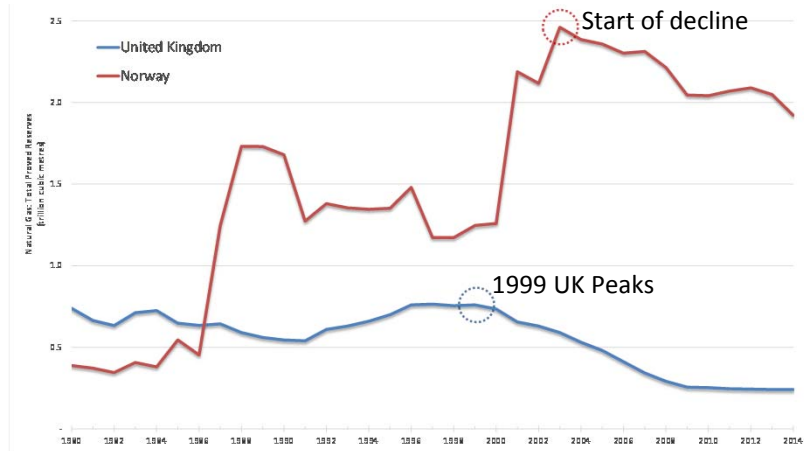
- Major integrated unconventional player in Europe.
- Early involvement in unconventional plays resulting in largest acreage position outside of majors.
- History of investment in Bowland licence, UK
 - Acquired initial acreage in 2007.
 - Riverstone initial investment of US\$58 million in February 2010.
 - Key well drilled in 2011 which flowed gas.
 - Centrica farm-in for 25% for up to GBP160 million in June 2013.
 - Internal gross estimates of up to 330tcf GIIP (Gas-Initially-In-Place).
 - Key appraisal programme planned for 2016-17, subject to approvals, for Preston New Road and Roseacre Wood.

Cuadrilla European Plays

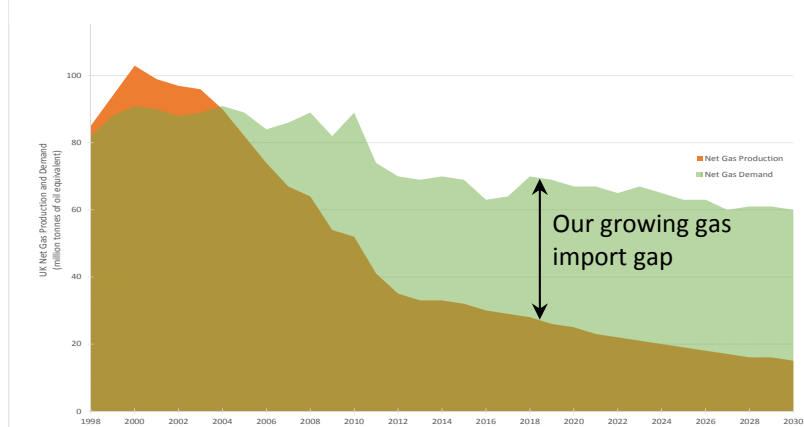


UK gas & Bowland shale

UK domestic supplies are dwindling (So are Norway's, a major supplier to the UK)¹



Potential of Bowland for Domestic UK Gas³



North of England Bowland shale offers UK a huge gas potential

- “The lower limit of the range is 822 tcf and the upper limit is 2,281 tcf, but the central estimate for the resource is 1,329 tcf”.²
- 10% recoverable of energy estimate can provide energy security for c. 100 years in the UK.



Bowland Shale Profile

- Over 1000m (>3300 ft) thickness of shales and associated lithologies.
- Very close to pipeline infrastructure. The UK has an extensive pipeline network which will facilitate speedy and cost efficient commercialization of any gas discovered.
- 1000s feet below aquifers
- The shale strata are located several thousand feet below the level of aquifers.

¹ BP Statistical Review of World Energy, 2015; ² BGS/DECC Bowland Shale gas study, 2013; ³ UKCS Oil and Gas Production Projections, DECC, 2015

Bowland shale

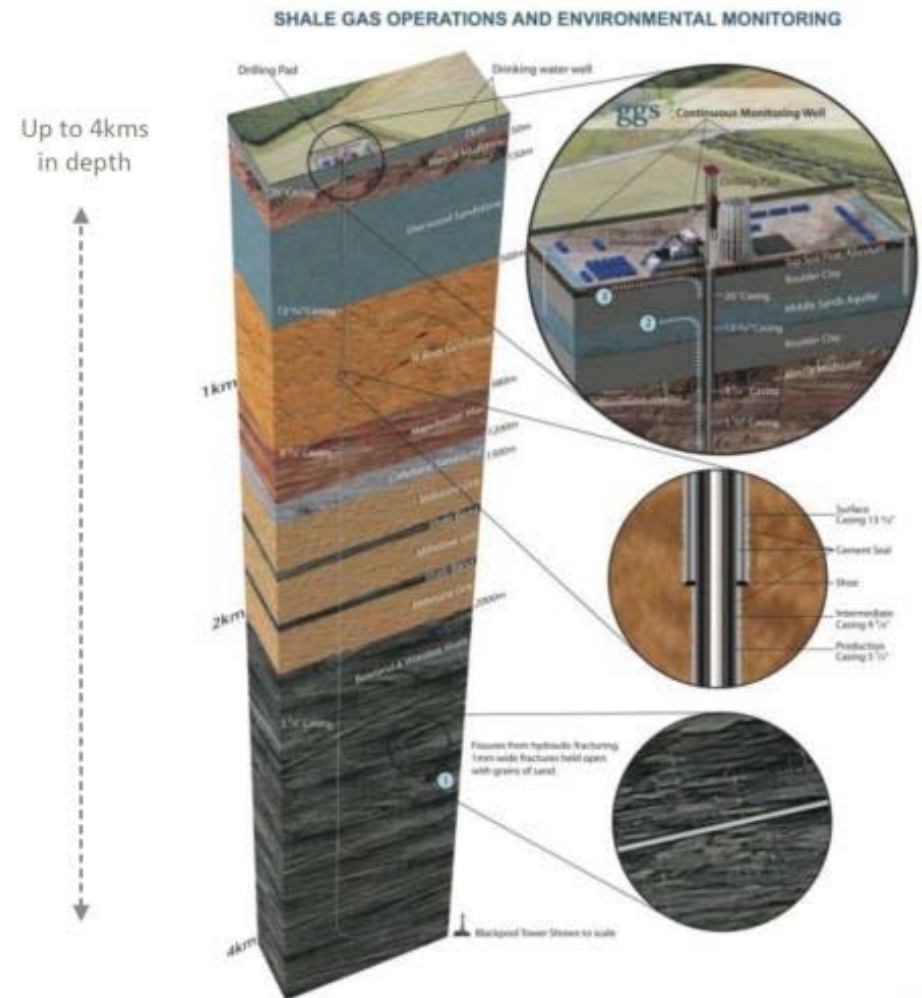
Preese Hall pad site – limited footprint



Shale cores takes by Cuadrilla



Bowland shale in context





Bowland farm-in transaction

Centrica Farm-in – June 2013

- In June 2013, AJL and Cuadrilla announced the sale of a combined 25% interest in Bowland to Centrica plc in return for staged payments and carry totalling up to GBP160 million.
 - AJL's effective interest in Bowland was reduced from 59% to 44% (18.75% held directly and 25.3% via Cuadrilla).
- In consideration for the 25% stake, Centrica agreed to:
 - Make an upfront payment to Cuadrilla /AJL of GBP40 million.
 - Fully carry the next GBP60 million of expenditure at Bowland.
 - Make a contingent milestone payment of GBP60 million, payable in cash, subject to achieving operational milestones.

Revised Centrica Farm-in – August 2015

- In August 2015, Centrica, AJ Lucas and Cuadrilla announced the following revised amendments to the farm-in:
 - The unspent portion of Centrica's GBP60 million carry would be deferred until planning approval for either of the appraisal sites at Preston New Road or Roseacre Wood is obtained (as at 31 December 2015, GBP30.6 million of carry was remaining).
 - In the interim, until determination of the planning appeal, the Bowland Joint Venture partners will fund operations pro-rata in proportion to their respective interests.
 - The Contingent Consideration payable by Centrica of GBP60 million would be converted into a GBP46.7 million Contingent Carry to be applied against various appraisal and development activities.

Increase in AJL direct interest – August 2015

- Concurrent with the revised Centrica Farm-in, AJ Lucas increased its interest in Bowland by 5.00% from 18.75% to 23.75%
- Cuadrilla reduced its interest from 56.25% to 51.25% whilst maintaining majority ownership and operatorship
- This increased AJL's effective interest in Bowland from 44% to 46.8% (23.75% held directly and 23.8% via Cuadrilla).
- AJ Lucas's entitlement to the remaining carry and contingent Carry was reduced proportionately.
- Post transaction, AJ Lucas is responsible for funding its 23.75% direct interest and has a net share of the remaining carry of c.US\$2 million.

UK regulatory environment

UK Regulatory Environment

- A number of bodies oversee shale gas regulation in the UK.
 - Department for Energy and Climate Change (DECC)
 - Department for Local Communities
 - Health and Safety Executive (HSE)
 - Environmental Agency (EA)
 - Local County Councils
- These bodies are ultimately accountable to the UK Government
- For the Preston New Road and Roseacre Wood applications,
 - Cuadrilla produced a comprehensive Environmental Impact Assessment (EIA) in conjunction with ARUP (specialist engineering firm); and
 - Have received all permits required from the EA in early 2015
- Cuadrilla is also a DECC approved operator and has a continuous close relationship with the HSE



Temporary shale gas exploration at Roseacre Wood – planning application

Lancashire County Council - Appeal

- In June 2015, Lancashire County Council (LCC) rejected Cuadrilla's application for appraisal sites (Preston New Road and Roseacre Wood)
- This was despite the advice of LCC's own Planning Officer advice who recommended approval for Preston New Road
- In July 2015, Cuadrilla formally appealed LCC's decision. A planning inquiry is currently being held by the UK's Planning Inspectorate and will conclude on 11 March 2016
- In Nov 2015, the UK Secretary of State for Local Communities chose to "recover" Cuadrilla's appeal, meaning he will have final determination

Forward timeline

- After the planning inquiry concludes, the Planning Inspector will deliver a recommendation to the Secretary of State in Apr-May 2016
- The Secretary of State will then make a final decision at his discretion.
- It is anticipated the Secretary of State decision will be announced between May-Jun 2016

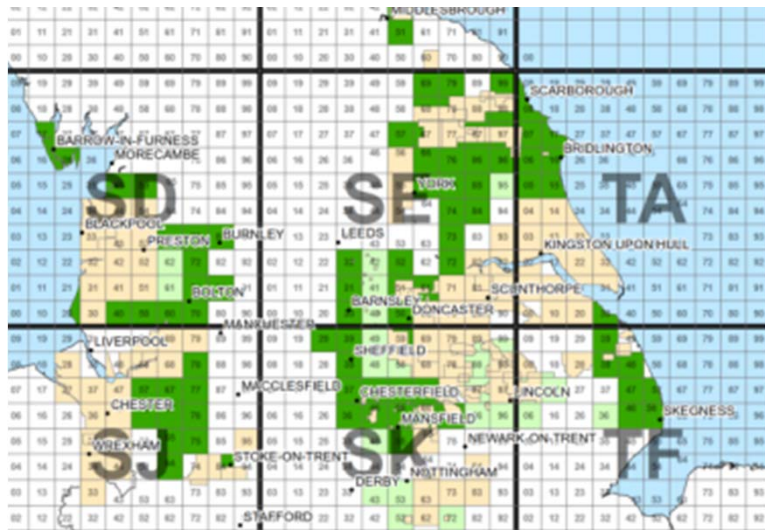


Awards from 14th Licensing Round

BGS estimates significant resource potential

- In June 2013, the British Geological Survey (**BGS**) in association with the Department of Energy and Climate Change (**DECC**) completed an estimate for the resource (gas-in-place) of shale gas in part of central Britain in an area between Wrexham and Blackpool in the west, and Nottingham and Scarborough in the east.
- The central estimate for the resource was 1,329 trillion cubic feet (tcf) compared to the annual consumption to the UK of just over 3 tcf.

Map of 14th round blocks



Cuadrilla was awarded 18 blocks in the 14th Round

- The 14th Licensing Round was announced on 17 December 2015 with the award of 159 new blocks under 93 new licences.
- Cuadrilla was offered 18 blocks under 8 licenses - 4 of which were offered on a sole basis and 4 with GDF Suez.
- These licences are:

Licences Awarded in 14th Round to Cuadrilla

Cuadrilla:

Cuadrilla & GDF Suez:

- | | |
|-------------------------------|---------------|
| • SE40f & SE50b | • SE74 & SE84 |
| • SE87b, SE88c, SE97a & SE98c | • SE75 |
| • TA07a & TA08 | • SE85 & SE95 |
| • TA16, TA17 & TA18 | • TA05 & TA15 |

- In aggregate, the licences offered to Cuadrilla total approximately 1,274km² in area (similar size to existing Bowland licence).
- Final awards are expected Q2 2016.



LUCAS DRILLING SERVICES (LDS)



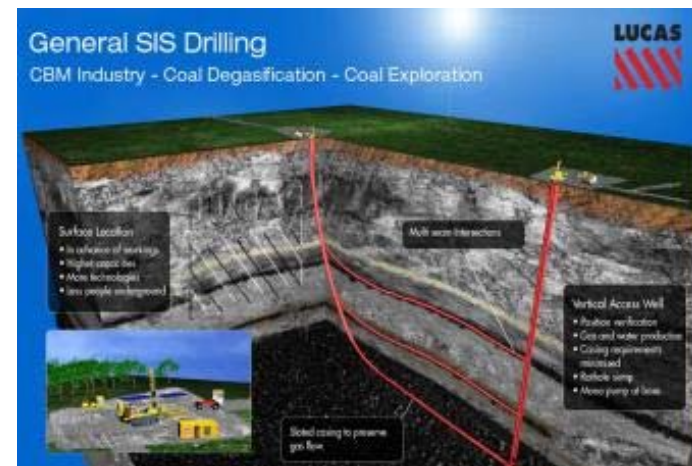
Lucas Drilling Services (LDS) Overview

Business Highlights

- Largest drilling fleet servicing the coal sector in Australia.
- Leading contractor to all major mining houses.
- Leader in directional drilling and coal mine methane extraction.
- Full service offering to coal market including technical consultancy, exploration, production, directional, well design, steering services, completion, surface infrastructure, civil and construction.
- Long relationships with top tier, profitable mining houses.
- Proven and existing turnkey capability.
- Excellent safety record.
- Superior operating platform and reputation in plant, technical and efficiency delivery.

Financials metrics

| <i>Year ended 30 June - \$million</i> | <i>2012A</i> | <i>2013A</i> | <i>2014A</i> | <i>2015A</i> | <i>HY2016A</i> |
|---------------------------------------|--------------|--------------|--------------|--------------|----------------|
| Revenue | 190 | 163 | 94 | 84 | 38 |
| Reported EBITDA | 11 | 22 | 9 | 7 | 6 |





 **LUCAS** HYUNDAI

LUCAS ENGINEERING & CONSTRUCTION (LEC)



Lucas Engineering & Construction (LEC) Overview

Business Highlights

- Specialist civil engineering contractor focused on pipelines; a leader in Australia in horizontal directional drilling (**HDD**) and trenchless technologies for services to the resources, energy and water sectors.
- 20+ year relationship with Spiecapag, world's leading international pipeline and facilities specialist contractor.
- Market leading safety record
- Previous management strayed in general contracting and business lost its way as seen in the financials.
- Lack of focus and controls resulted in operational and financial issues prior to turnaround implemented by the new management team.

Financials and other key data

| <i>Year ended 30 June - \$million</i> | <i>2012A</i> | <i>2013A</i> | <i>2014A</i> | <i>2015A</i> | <i>HF2016A</i> |
|---------------------------------------|--------------|--------------|--------------|--------------|----------------|
| Revenue | 315 | 131 | 134 | 61 | 18 |
| Reported EBITDA | (16) | (29) | (2) | 7 | 5 |





Historic Balance Sheet Overview

Financial information Year ended 30 June

| Balance sheet summary | 2011 \$M | 2012 \$M | 2013 \$M | 2014 \$M | 2015 \$M | HY2016 \$M |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Cash | 1.3 | 4.3 | 9.7 | 29.3 | 16.0 | 17.1 |
| Receivables and inventories | 114.1 | 113.0 | 68.8 | 48.4 | 40.3 | 24.7 |
| Plant and equipment | 136.9 | 133.6 | 110.0 | 79.1 | 53.2 | 44.9 |
| Cuadrilla and exploration assets | 60.6 | 89.7 | 102.1 | 98.3 | 120.5 | 126.6 |
| Intangibles | 112.9 | 67.6 | 39.5 | 0.0 | 0.0 | 0.0 |
| Other | 13.0 | 7.1 | 3.3 | 0.9 | 1.3 | 1.4 |
| Total | 438.9 | 415.3 | 333.3 | 256.0 | 231.3 | 214.7 |
| Payables | 88.4 | 120.3 | 61.7 | 45.2 | 37.4 | 25.4 |
| Debt | 112.5 | 133.1 | 89.1 | 58.0 | 73.6 | 83.8 |
| Tax liability | 53.6 | 32.7 | 39.5 | 38.1 | 35.8 | 32.8 |
| Other liabilities | 8.6 | 15.8 | 11.4 | 7.2 | 5.0 | 4.6 |
| Total liabilities | 263.0 | 301.9 | 201.7 | 148.5 | 151.8 | 146.7 |
| Shareholder equity | 175.9 | 113.4 | 131.6 | 107.5 | 79.5 | 68.0 |
| Share capital other shareholders | 91.9 | 138.8 | 275.6 | 339.7 | 339.7 | 339.7 |
| Reserves | 83.9 | (25.0) | (144.0) | (232.2) | (260.2) | (271.7) |
| Total shareholder equity | 175.9 | 113.5 | 131.6 | 107.5 | 79.5 | 68.0 |

Introduction

- As with all businesses, there are a number of factors that are specific to AJL and of a general nature that may have a material impact on AJL's future operating and financial performance. This Section describes certain specific areas that are believed to be risks associated with AJL and with an investment in the new shares being offered under the Entitlement Offer (**Offer Shares**).
- Each of the risks described below could, if they eventuate, have a material impact on AJL's operating and financial performance and on the market price of AJL's shares. These risk factors are not exhaustive. Whilst some of the risks identified can be mitigated by the use of safeguards and appropriate systems and actions, many of these risks are outside the control of AJL, the Directors and the senior executives of AJL.
- Risks have been outlined in three categories:
 - specific risks relating to investing in the Offer Shares;
 - general risks relating to the operating businesses of AJL and the markets in which they operate; and,
 - general risks relating to the investments of AJL.

Key Risks (continued)

Specific risks relating to investing in the Offer Shares

1. Market Conditions
 - a) The market price of shares can fall, as well as rise, and may be subject to varied and unpredictable influences. Neither AJL nor the Directors warrant the future performance of the Offer Shares, AJL or any return on an investment in AJL.
2. Liquidity
 - a) There can be no guarantee that an active market in the Shares on ASX will exist at all times. There may be relatively few or many potential buyers or sellers of the Shares on the ASX at any given time. This may increase the volatility of the market price. It may also affect the market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for Shares that is less or more than the Offer Price for Offer Shares.
 - b) Liquidity in AJL shares has typically been low and there can be no assurance that liquidity will improve.
3. Future issue of securities of AJL
 - a) It is possible that AJL may require further financing in addition to the amounts raised under the Offer. Any additional equity financing may dilute shareholdings, and any debt financing, if available, may involve restrictions on financing and operating activities. Any inability to obtain additional finance, if required, could have a material adverse effect on AJL's operations and its financial condition and performance.

Key Risks (continued)

Specific risks relating to investing in the Offer Shares (continued)

4. Kerogen Senior Facilities

- a) Kerogen has continued to support the company through agreeing to defer all interest payment due on the Loan Facilities since April 2015 until 30 September 2016.
- b) Quarterly interest obligations under the Kerogen facility, principal repayment is due at the expiry of the facility between January 2017 and February 2017.

5. ATO liabilities

- a) At 31 December 2015 the amount owing to the ATO is projected to be approximately \$32.8 million. AJL has entered into a payment arrangement with the ATO to repay this amount in agreed instalments.
- b) While AJL considers that risk in relation to the ATO liabilities will be significantly reduced by the Entitlement Offer, a failure by AJL to comply with the payment arrangements agreed with the ATO could lead to enforcement or other actions which could have a material adverse effect on AJL's business, prospects or financial condition.

Key Risks (continued)

General risks relating to the operating businesses of AJL and the markets in which it operates

1. Commercial, financial and operational risks

- a) As a business operating in the engineering, energy, mining and infrastructure sectors, AJL faces general commercial risks, including the loss of major customers, competition and other causes of business interruption, each of which may have a material adverse effect on AJL. The development of new technologies which compete with AJL may also have a material adverse effect on AJL.
- b) As an engineering contracting and drilling services business, AJL is subject to, and seeks to manage, a number of contractual risks which include the following:
 - AJL's businesses enjoy a number of contracts with long-term customers and business relationships. If any of these key customers reduce exploration or production or terminate the relationship, or if potential contracts are not awarded, this may have an adverse effect on the financial performance and/or financial position of AJL;
 - for certain major projects, AJL may need to participate in joint ventures which can bring counterparty risks or may limit AJL's access to opportunities if suitable joint venture partners are not available;
 - contracts in the sectors in which AJL operates often contain penalty clauses and contractual disputes can potentially have a material adverse effect on AJL; and,
 - some projects depend on contractual rights to access sites owned or controlled by others and contractual disputes and other incidents affecting such access can cause disruption to AJL's operations.

2. Technical and other operational risks

- a) A range of factors may affect the investments of AJL, including, but not limited to, exploration, appraisal and production:
 - geological conditions;
 - unanticipated operating and technical difficulties encountered in seismic survey, drilling and production activities;
 - mechanical failure of operating plant and equipment; and
 - prevention of access by reason of community unrest, outbreak of hostilities, inability to obtain consents and approvals.

Key Risks (continued)

General risks relating to the operating businesses of AJL and the markets in which it operates (continued)

3. Resources sector risks

- a) The resources sector as a whole in Australia is facing difficult times for a number of reasons, including a softening of commodity and LNG prices on the back of lower demand from key markets such as China for iron ore and coal (in particular), general market sentiment for precious commodities such as gold because of concern about the strength of economies such as the United States and in the European Union, Paris COP21 Agreement, political uncertainty at the Federal level, business uncertainty because of taxes such as the Mineral Rent Resources Tax and the Carbon Tax and political and legislative uncertainty at State levels because of responses of government to environmental and other concerns around drilling and fracking. Industry participants such as producers, explorers and governments are responding to the difficulties by reducing or delaying levels of construction, exploration and production activity which potentially has a material adverse effect on the levels of work that contractors such as AJL are able to win and has and may again lead to existing contracts being reduced in scope or cancelled. In turn, if this significantly impacts cash produced by the business, this may increase AJL's need to source external funding to meet Cuadrilla's requirements.

4. Counterparty (client) payment risk

- a) In the ordinary course of business, AJL extends credit terms and relies on its clients for payments. Should a client enter financial distress or become insolvent, AJL may not be paid for work completed. Should a project cease mid-construction, AJL may find itself with an unexpected under-employed workforce to manage. Preliminary works on some projects are commenced prior to formal contracts being signed.
- b) AJL maintains provisions for bad and doubtful debts which are regularly reviewed. If these provisions are inadequate, or a bad debt arises during a period for which no provision has yet been made, there may be an adverse impact on AJL's financial performance and position.

Key Risks (continued)

General risks relating to the operating businesses of AJL and the markets in which it operates (continued)

5. Project based sales revenue

- a) A significant proportion of AJL's revenue and earnings is sourced from specific projects. These may not be repeated or offer recurring revenue following the end of the project's finite life. The number of projects awarded to AJL may also vary in number and value from year to year. AJL's operating and financial performance is partly dependent on its ability to win work and secure sufficient projects within contemplated timeframes. Failure to do so may have a significant impact on financial performance and any forecast earnings.

6. Project delays

- a) Delays to the commencement or completion of work on projects have occurred from time to time and may occur in the future due to a variety of reasons, including general market down-turns, reductions in commodity prices, commercial factors/client delays, changes in the scope of work, legal issues, supply of labour, scarcity of quality materials and equipment, lower than expected productivity levels, accidents, natural disasters, inclement weather conditions, land contamination, regulatory intervention, delays in necessary approvals, difficult site access and industrial relations issues.
- b) Delays may lead to cost increases, some or all of which may not be recoverable by AJL, and may also result in an obligation by AJL to pay compensation for late completion, often in the form of liquidated damages. Delays in the execution of projects may result in projects not achieving their forecast level of profitability.

7. Cost variation

- a) AJL regularly enters into contracts for construction and services projects following a competitive tendering process. Certain contracts entered into by AJL may be contracted on a fixed price basis with limited entitlements to price adjustments. Failure by AJL to properly assess and manage project risks may result in cost overruns which could cause the project to be less profitable than expected or loss making. If any of the above were to occur, there may be an adverse impact on AJL's future financial performance and financial position.

Key Risks (continued)

General risks relating to the operating businesses of AJL and the markets in which it operates (continued)

7. Cost variation (continued)

- b) Further, in some contracts, AJL assumes the risk that sub-contractors do not perform to their contracts. Although replacement sub-contractors can generally be appointed quickly, there is no assurance that their price will be the same as or lower than the original sub-contractor.

8. Unapproved contract variation

- a) In the ordinary course of business, AJL submits variation claims in relation to ongoing or completed projects in support of work that is out of scope from the original contract. These variation claims involve negotiation with contractual counterparties. The forecast assumes certain portions of variation claims submitted will be received.
- b) To the extent that AJL recovers less than expected on the variations, its financial performance may be materially adversely impacted.

9. Technical and other risks

- a) A range of factors may affect the investments of AJL, including, but not limited to, exploration, appraisal and production:
 - geological conditions;
 - unanticipated operating and technical difficulties encountered in seismic survey, drilling and production activities;
 - Mechanical failure of operating plant and equipment; and,
 - prevention of access by reason of community unrest, outbreak of hostilities, inability to obtain consents and approvals.

Key Risks (continued)

General risks relating to the operating businesses of AJL and the markets in which it operates (continued)

10. Additional Funding Requirements and Financing Risk

- a) Following the Offer the Company's ability to service its debt will continue to depend on its future performance, which may be affected by many factors, some of which may be beyond AJL's control and that of the Directors. Any inability of AJL to service its debt may have a material adverse effect on AJL.
- b) The inability to obtain additional finance from capital markets, if required, could have a material adverse effect on AJL's operations and its financial condition or performance.

11. Material Contracts

- a) A number of AJL's drilling contracts contain a right for the customer to terminate the contract at their convenience by providing notice to AJL. Under such arrangements, the customers are not required to state a reason for such termination nor are they required to attribute termination to any breach by AJL.
- b) The termination of any drilling contracts could have a material adverse effect on AJL's revenue.
- c) AJL is tendering for various new contracts and extensions to existing contracts. If AJL is unsuccessful in its tender activity or is unable to extend the terms of its existing contracts, this may have a material adverse effect on AJL's revenue.

Key Risks (continued)

General risks relating to the operating businesses of AJL and the markets in which it operates (continued)

12. Environmental

- a) Environmental laws and regulations in Australia and abroad can affect the operations of businesses, including AJL and entities in which it has an interest. These regulations provide penalties or other remedies for any violation of laws and regulations and, in certain circumstances, impose obligations to undertake remedial action. In common with other businesses in the energy, resources and infrastructure sectors, there is a risk that significant damages or penalties might be imposed on AJL or an entity in which it has an interest, including for certain discharges into the environment, effects on employees, sub-contractors or customers or as clean up costs.
- b) Private entities, including the owners of properties upon which AJL's wells (or the operations of an entity in which AJL has an interest) are drilled and facilities where AJL's waste materials are taken for reclamation or disposal, may also have the right to pursue legal actions to enforce compliance as well as to seek damages for non-compliance with environmental laws and regulations or for personal injury or property damage. In addition, the risk of accidental spills or releases of gas or hazardous materials could expose AJL to significant liabilities. Any significant increase in the costs of compliance with, or the liabilities and costs associated with any failure to comply with, environmental and operational safety laws and regulations could have a material adverse effect on AJL's business, prospects, financial condition or results of operations.

Key Risks (continued)

General risks relating to the operating businesses of AJL and the markets in which it operates (continued)

13. Natural disasters and seasonal weather conditions

- a) Some of the areas in which AJL has operations, particularly its drilling operations in Queensland, may be adversely affected by seasonal weather conditions. AJL is seeking to incorporate, and in some cases has incorporated wet weather standby payments to mitigate risks associated with wet weather events, thereby underpinning the revenue stream. The impact (directly or indirectly) of events beyond AJL's control may adversely impact AJL's operational and financial performance.

14. Availability of skilled employees, equipment and resources

- a) AJL operates in sectors which are technically demanding and utilise a range of specialised equipment. To operate effectively, the business needs to continue to source and commission new equipment as well as recruit, train and retain skilled employees to operate the specialised equipment. The availability or supply of skilled personnel and the necessary equipment can be relevant to AJL's future financial performance and growth. The drilling industry in which AJL drilling division operates is capital intensive. The operating and financial performance of that division is partly reliant on adequate capital investment. AJL's capital expenditure requirements may impact the cash flow available to service financing obligations and pay dividends. Incurred capital expenditure may or may not deliver the expected operational benefits and may have a material adverse effect on AJL.

15. Reliance on suppliers and sub-contractors

- a) Like other companies, AJL relies on various suppliers and sub-contractors for the provision of the services that it provides to its customers.

Key Risks (continued)

General risks relating to the operating businesses of AJL and the markets in which it operates (continued)

16. Reliance on Key Personnel

- a) Like other companies, AJL's performance is dependent on the ability of its senior executives and key personnel to manage and grow its business and respond to customers' needs. The loss of the services of its senior executives or key personnel, or a loss of the ability to continue to attract and retain qualified and competent employees, could have a material adverse effect on AJL's operations and financial results. Continuity and retention of staff is important for customer retention and ongoing customer negotiations. A change of staff or resourcing issues could affect ongoing relationships with various parties connected to AJL.

17. Increased or new competition

- a) In common with many other companies, AJL faces competition in its businesses. To the extent that there are new entrants or changes in strategy by competitors, AJL may lose market share with consequent adverse effects upon operating and financial performance. In addition, consolidation within the industries in which AJL operates is possible, which may adversely affect AJL's competitive position.

18. Reputation and goodwill

- a) There is significant goodwill vested in the "Lucas" trademark which may be adversely affected in a number of circumstances, including major breaches of workplace safety, litigation or accidents. Where such circumstances become known in its markets, there is a risk that AJL's goodwill may be damaged, including goodwill arising from AJL's reputation as a reliable and safe service provider. In addition, as with any listed company, AJL's share price may be affected by market sentiment.

Key Risks (continued)

General risks relating to the operating businesses of AJL and the markets in which it operates (continued)

19. Labour disputes

- a) If any material disputes were to arise between AJL and its employees or sub-contractors, there would be potential for disruption to the operations of AJL. Any disruption may increase labour costs and availability and adversely impact revenue and profitability.

20. Litigation and legal risks

- a) Litigation risks to AJL include, but are not limited to, claims from various parties, including employees, suppliers, customers and other contractual counterparties, government and special interest groups, as well as claims in relation to environmental matters, accidents and other commercial matters. To the extent that such risks are not covered by insurance, then any of an adverse outcome in litigation, the cost of responding to potential, threatened or actual litigation or the disruptive effect of disputes may have a material adverse impact on the financial performance of AJL.

21. Occupational Health and Safety

- a) AJL's operations are subject to a wide variety of stringent and complex law, regulations and permit requirements, many of which relate to the protection of human health, safety and the environment. The laws and regulations exist at the local, state, national and supranational levels. AJL manages risks associated with the occupational health and safety of its employees, sub-contractors and others. It is possible for incidents resulting in injuries to occur which may result in expenses which are not covered by insurance or which are in excess of the amount insured or provided for, with a resultant impact on AJL's earnings.

Key Risks (continued)

General risks relating to overseas investments

22. Regulatory risk

- a) AJL has an interest in a number of assets that are located in different jurisdictions. Accordingly, such assets are subject to risks particular to its location, such as changes in laws, practices and policies in the relevant jurisdiction, including laws that deal with overseas investments.
- b) In particular, there may be considerable resistance from the public or legislators or both in a region to certain exploration and development activities, particularly drilling and fracking, arising in connection with, for example, environmental sensitivities and concerns about pollution, concerns about the potential effects of fracking on aquifers or earth tremors and concerns about the impact of large scale drilling operations on landscapes, which may result in the suspension of activities, increasing regulations imposed on the activities, delays or cost increases.

23. UK regulatory risk

- a) As stated in this document, in June 2015 the Lancashire County Council (**LCC**) rejected Cuadrilla's application for appraisal sites (Preston New Road and Roseacre Wood) at the Bowland licence. This was despite the advice of LCC's own Planning Officer advice who recommended approval for Preston New Road. In July 2015, Cuadrilla appealed LCC's decision and since then the UK Secretary of State for Local Communities has recovered the appeal, meaning he will have final determination.
- b) In the event the appeals are unsuccessful – and the UK Secretary of State does not give approval – this may have a material adverse effect on the value of AJL's investment in Cuadrilla and the value of AJL's direct interest in the Bowland basin.
- c) Even in the event the appeals are successful - and the appraisal programme proves commerciality - further regulatory approvals will still be required to commence production and move forward with a larger development of the Bowland shale gas resource.
- d) There may be considerable resistance from significant sections of the public to Cuadrilla AJL's exploration and development activities, particularly drilling and fracking.
- e) Oil and gas tenements are issued by the UK government on terms and conditions set out in each license. Such terms typically require a tenement holder to relinquish a certain percentage of the license area at set times.

Key Risks (continued)

General risks relating to overseas investments (continued)

24. Inability to meet exploration licence funding obligations - AJL *Direct* Interests

- a) AJL has the following direct and indirect interests in the Bowland (PEDL 165) and Weald (PEDL 244) licences
 - “**Direct Interests**”: PEDL 165 – 23.75% interest; PEDL 144 – 25% interest;
 - “**Indirect Interests**”: held via AJL’s 45% voting interest in Cuadrilla; Cuadrilla has a 51.25% interest in PEDL 165 and 75% interest in PEDL 244.
- b) As the operator of the PEDL 165 and PEDL 244 licences, Cuadrilla is entitled, under the joint operating agreements between the owners of the licences, to determine the budget for exploration of these areas. If AJL fails to make its required contributions to project expenditures in a timely manner, it is exposed to the risk that it may lose its Direct Interests in these licences by way of the forfeiture provisions under the joint operating agreements that govern the joint ventures.
- c) AJL currently has c.\$2 million of remaining carry payable from Centrica applicable to its 23.75% interest in PEDL 165. This carry can be used against operational expenditure. Beyond this amount, AJL is required to fund its 23.75% share of expenditures.

25. Lucas Cuadrilla’s inability to meet funding obligations - AJL *Indirect* Interests

- a) Under the Cuadrilla Shareholders Agreement, AJL may be called upon to make further capital contributions to Cuadrilla. If AJL is not able to meet its equity funding obligations in Cuadrilla, it is likely that its ownership in Cuadrilla would be diluted, affecting the value of its shareholding in Cuadrilla.

26. Cuadrilla funding

- a) In the event that Cuadrilla is unable to raise funding, as required, from its shareholders (AJL, Riverstone and Cuadrilla management) or other sources, it may not be able to take the required actions to execute its development plans for its key assets (notably, Bowland) and exit strategy, either in part or at all. This may affect the value of AJL’s shareholding in Cuadrilla and possibly the value of AJL’s Direct Interests.

Key Risks (continued)

General risks relating to overseas investments (continued)

27. Inability to recover unconventional hydrocarbons

- a) Cuadrilla's ability to develop its concessions for unconventional hydrocarbons depends not only upon the presence of significant in-place hydrocarbon resources in Cuadrilla's concession areas, but also on the ability of Cuadrilla to recover those resources in a commercially viable manner. There can be no guarantee that Cuadrilla will be able to recover any hydrocarbons in its concession areas or that it will be able to do so at a cost that makes production commercially feasible, in which eventuality may lead to the loss of the Contingent Carry from Centrica.
- b) There has been, as yet, no commercial production of unconventional hydrocarbons in any of the countries in which Cuadrilla operates, whether by Cuadrilla or by any other party. The data provided by the initial seismic appraisals, drilling and testing of vertical wells (which has not been carried out so as to generate a continuous flow of gas over an extended period of time) and other exploration activities undertaken to date are insufficient at this stage to evaluate the likelihood of commercial recovery of unconventional hydrocarbons.
- c) Further drilling and production testing of horizontal wells will be necessary before Cuadrilla is able to make an estimate of recoverable volumes in any of its concessions and it is possible that such further drilling and production testing may not yield positive results.
- d) There is a risk that unconventional hydrocarbons extraction and recovery may not be feasible at all in Cuadrilla's concessions with existing technology due to technical complications arising from factors such as rock properties, reservoir pressure, fracture complexity and conductivity and other factors specific to the shale plays within Cuadrilla's concession areas.
- e) Further, even if recovery of such hydrocarbons is technically feasible in Cuadrilla's concessions, there is a risk that it may not be commercially viable due to the costs of the technology, drilling, equipment and other resources needed to extract the hydrocarbons from the reservoirs, all of which will depend to a significant extent on the specific conditions of each particular reservoir.
- f) Commercial extraction of hydrocarbons will also depend on installation of infrastructure which will require Cuadrilla to obtain additional regulatory approvals.

Key Risks (continued)

General risks relating to overseas investments (continued)

27. Inability to recover unconventional hydrocarbons (continued)

- g) The commercial viability of any particular unconventional reservoir will be largely a function of the prevailing prices for oil and natural gas compared to the costs of extracting hydrocarbons from that reservoir and a higher cost base for a particular reservoir, whether due to its particular geophysical qualities or otherwise (including installation of gathering pipelines and related investments necessary to install any required supply infrastructure) that could make profitable extraction from such reservoir impossible.
- h) If Cuadrilla is unable to recover hydrocarbons from its concessions at all, due to geological factors or technical infeasibility, or if it is able to recover hydrocarbons only at a cost which makes production commercially unviable, this may have a material adverse effect on the value of AJL's investment in Cuadrilla and the value of AJL's direct interests in the Bowland basin and the Weald basin.

28. Risks relating to the unconventional hydrocarbon sector

- a) AJL has domestic and international operations in the unconventional hydrocarbon sector. Any variance in the level of activity in these sectors may have an adverse effect on results and the factors influencing that variance may be beyond the control of AJL.
- b) These factors vary, but can include:
 - a) the legal and regulatory regimes governing the production of shale energy are subject to change;
 - b) energy exploration, especially in relation to unconventional resources such as shale gas, is speculative, capital intensive and can result in complete loss of capital;
 - c) a substantial or extended decline in gas prices may adversely affect AJL's business prospects, financial condition and results of operations; and,
 - d) Technical and other risks.

Key Risks (continued)

General risks relating to overseas investments (continued)

29. A range of factors may affect the investments of AJL (including Cuadrilla), including, but not limited to, exploration, appraisal and production:
- a) geological conditions;
 - b) unanticipated operating and technical difficulties encountered in seismic survey, drilling and production activities;
 - c) mechanical failure of operating plant and equipment;
 - d) prevention of access by reason of community unrest, outbreak of hostilities, inability to obtain consents and approvals; and
 - e) AJL or its investee companies do not own the land on which it operates.
30. Risk Mitigation
- a) AJL has established systems of risk management and internal control. These systems are designed to assist in managing the operational risks associated with its business.



Foreign Jurisdictions

European Economic Area (EEA)

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a “**Relevant Member State**”) an offer to the public of any entitlements or the New Shares may not be made in that Relevant Member State, except that the entitlements or the New Shares may be offered to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to any legal entity which is a qualified investor as defined under the Prospectus Directive;
- by the Underwriter to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the entitlements or the New Shares shall result in a requirement for the publication by AJ Lucas or the Underwriter of a Prospectus pursuant to Article 3 of the Prospectus Directive and each person who initially acquires the entitlements or the New Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with the Underwriter and AJ Lucas that it is a “qualified investor” within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

AJ Lucas, the Underwriter and their affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement, and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Underwriter of such fact in writing may, with the consent of the Underwriter, be permitted to subscribe for or purchase the entitlements or the New Shares.

Hong Kong

WARNING: This document has not been, and will not be, authorized by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorize this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the entitlements and the New Shares have not been and will not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” (as defined in the SFO and any rules made under that Ordinance); or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the entitlements and the New Shares has been or will be issued, or has been or will be in the possession of any person for the purposes of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the entitlements or the New Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under that Ordinance.



Foreign Jurisdictions

United Kingdom

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the entitlements or the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to AJ Lucas. All applicable provisions of FSMA with respect to anything done in relation to the entitlements or the New Shares in, from or otherwise involving the United Kingdom have been complied and will be complied with.

United States

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 (the “**US Securities Act**”) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, any person in the United States, except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.



Glossary

| Term | Meaning |
|------|---|
| AJL | AJ Lucas Group Limited |
| ASIC | Australian Securities and Investment Commission |
| ATO | Australian Tax Office |
| GBP | British Pound, the lawful currency of the United Kingdom. |
| M | millions |
| Tcf | Trillion cubic feet (10^{12} cubic feet) |

Section 5 Important information

This Retail Offer Booklet (including the ASX announcements in Section 4) and enclosed personalised Entitlement and Acceptance Form (**Information**) have been prepared by AJL.

This Information is dated Monday, 21 March 2016 (other than the Offer Launch Announcement and the AJL Investor Presentation published on the ASX website on Thursday, 17 March 2016 and the Institutional Offer Completion Announcement published on the ASX website on Monday, 21 March 2016). This Information remains subject to change without notice and AJL is not responsible for updating this Information.

There may be additional announcements made by AJL after the date of this Retail Offer Booklet and throughout the period that the Retail Entitlement Offer is open that may be relevant to your consideration of whether to take up or do nothing in respect of your Retail Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by AJL (by visiting the ASX website at www.asx.com.au) before submitting your application to take up your Retail Entitlement or doing nothing with your Retail Entitlement.

No party other than AJL has authorised or caused the issue of this Information, or takes any responsibility for, or makes, any statements, representations or undertakings in this Information.

This Information is important and requires your immediate attention.

You should read this Information carefully and in its entirety before deciding how to deal with your Retail Entitlement. In particular, you should consider the risk factors outlined in the “Key risks” section of the AJL Investor Presentation included in Section 4 of this Retail Offer Booklet, any of which could affect the operating and financial performance of AJL or the value of an investment in AJL.

You should consult your stockbroker, accountant or other professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer.

5.1 Eligible Retail Shareholders

This Retail Offer Booklet contains an offer of Retail Entitlements to subscribe for New Shares to Eligible Retail Shareholders in Australia or New Zealand and has been prepared in accordance with section 708AA of the Corporations Act as notionally modified by ASIC Class Order [CO 08/35]: *Disclosure relief for rights issues*.

Eligible Retail Shareholders are those persons who:

- are registered as a holder of Shares as at the Record Date, being 7.00pm (Sydney time) on Monday, 21 March 2016;
- have a registered address on the AJL share register in Australia or New Zealand;
- are not in the United States and are not acting for the account or benefit of a person in the United States to the extent such persons hold AJL ordinary shares for the account or benefit of persons in the United States;
- were not invited to participate (other than as nominee, in respect of other underlying holdings) under the Institutional Entitlement Offer, and were not treated as ineligible institutional shareholders under the Institutional Entitlement Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Retail shareholders who are not Eligible Retail Shareholders are ineligible retail shareholders (**Ineligible Retail Shareholders**). AJL reserves the right to determine whether a retail shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder.

By returning a completed personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Retail Shareholder. Nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

AJL may (in its absolute discretion) extend the Retail Entitlement Offer to any institutional shareholder that was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer (subject to compliance with relevant laws).

AJL has decided that it is unreasonable to make offers under the Retail Entitlement Offer to shareholders who have registered addresses outside Australia and New Zealand, having regard to the number of such holders in those places and the number and value of the New Shares that they would be offered, and the relevant legal and regulatory requirements in those places, including the cost of complying with the relevant legal and regulatory requirements.

AJL may (in its absolute discretion) extend the Retail Entitlement Offer to shareholders who have registered addresses outside Australia and New Zealand (except the United States) in accordance with applicable law.

5.2 Ranking of New Shares

New Shares issued under the Retail Entitlement Offer will be fully paid and from allotment rank equally in all respects with existing Shares and will be entitled to dividends/distributions on the same basis as existing Shares. The rights and liabilities attaching to the New Shares are set out in AJL's constitution, a copy of which is available at www.lucas.com.au.

5.3 Risks

The AJL Investor Presentation details important factors and risks that could affect the financial and operating performance of AJL and your decision whether and how to participate in the Retail Entitlement Offer. You should refer to the "Key risks" section of the AJL Investor Presentation released to ASX on 17 March 2016 which is included in Section 4 of this Retail Offer Booklet. You should consider these factors in light of your personal circumstances, including financial and taxation issues, before making a decision in relation to your Retail Entitlement.

5.4 Reconciliation, Top-Up Shares and the rights of AJL

The Entitlement Offer is a complex process and in some instances investors may believe that they will own more Shares than they ultimately were recorded as holding as at the Record Date or are otherwise entitled to more New Shares than initially offered to them. These matters may result in a need for reconciliation. If reconciliation is required, it is possible that AJL may need to issue additional New Shares (**Top-Up Shares**) to ensure that the relevant investors receive their appropriate allocation of New Shares. The price at which these Top-Up Shares would be issued is not known.

AJL also reserves the right to reduce the size of a Retail Entitlement or number of New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders or other applicable investors, if AJL believes in its complete discretion that their claims are overstated or if they or their nominees fail to provide information requested to substantiate their claims.

5.5 No cooling off rights

Cooling off rights do not apply to an investment in New Shares (or Additional New Shares). You cannot withdraw your application once it has been accepted.

5.6 Rounding down of Entitlements

Where fractions arise in the calculation of an Entitlement, they will be rounded down to the nearest whole number of New Shares.

5.7 No rights trading

The Entitlement Offer is non-renounceable. This means that Entitlements under the Retail Entitlement Offer are non-renounceable and will not be tradeable or otherwise transferable. If you choose not to take up your Retail Entitlement, you will receive no benefit and your shareholding in AJL will be diluted as a result.

5.8 Applying for Additional New Shares

Eligible Retail Shareholders may, in addition to their Retail Entitlement, apply for Additional New Shares regardless of the size of their present holding (as further set out in Section 2.3).

Retail Entitlements not taken up may become available as Additional New Shares. It is possible that there will be few or no Additional New Shares available for issue. It is an express term of the Retail Entitlement Offer that applicants for Additional New Shares will be bound to accept a lesser number of Additional New Shares allocated to them than applied for (if any). If a lesser number is allocated to them, excess Application Monies will be refunded without interest. AJL reserves the right to scale back any applications for Additional New Shares in their absolute discretion.

5.9 Notice to nominees and custodians

If AJL believes you hold Shares as a nominee or custodian you will have received, or will shortly receive, a letter in respect of the Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to, and they must not sell or transfer Retail Entitlements in respect of or purport to accept the Retail Entitlement Offer in respect of, Eligible Institutional Shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not) and institutional shareholders who were treated as ineligible institutional shareholders under the Institutional Entitlement Offer.

Persons acting as nominees for other persons must not take up any Entitlements on behalf of, or send any documents related to the Retail Entitlement Offer to, any person in the United States or any person that is acting for the account or benefit of a person in the United States. Persons in the United States and persons acting for the account or benefit of persons in the United States will not be able to exercise any Entitlements and may receive no payment or value for them.

AJL is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing Shares or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Entitlement Offer by the beneficiary complies with applicable foreign laws. AJL is not able to advise on foreign laws.

5.10 Not investment advice

This Retail Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. AJL is not licensed to provide financial product advice in respect of the New Shares (and Additional New Shares). This Information does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it purport to contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with AJL's other periodic statements and continuous disclosure announcements lodged with ASX, which are available at www.lucas.com.au.

Before deciding whether to apply for New Shares (or any Additional New Shares), you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Information, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, accountant

or other professional adviser or call the AJL Offer Information Line on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia) between 8.30am and 5.00pm (Sydney time) Monday to Friday until 5 May 2016.

Nominees and custodians may not distribute any part of this Retail Offer Booklet in the United States or in any other country outside Australia and New Zealand except (i) Australian and New Zealand nominees may send this Retail Offer Booklet and related offer documents to beneficial shareholders who are professional or institutional shareholders in other countries (other than the United States) listed in, and to the extent permitted under the “Foreign jurisdictions” section of the AJL Investor Presentation included in Section 4 of this Retail Offer Booklet and (ii) to beneficial shareholders in other countries (other than the United States) where AJL may determine it is lawful and practical to make the Retail Entitlement Offer.

5.11 Quotation and trading

AJL has applied to the ASX for official quotation of the New Shares in accordance with the ASX Listing Rule requirements. If ASX does not grant quotation of the New Shares, AJL will repay all Application Monies (without interest).

Subject to approval being granted, it is expected that normal trading of New Shares allotted under the Retail Entitlement Offer will commence at 10.00am (Sydney time) on Wednesday, 4 May 2016.

5.12 Information availability

If you are in Australia or New Zealand, you can obtain a copy of this Retail Offer Booklet during the Entitlement Offer on AJL's Entitlement Offer website at www.lucas.com.au or you can call the AJL Offer Information Line on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday until 5 May 2016.

A replacement personalised Entitlement and Acceptance Form can also be requested by calling the AJL Offer Information Line.

If you access the electronic version of this Retail Offer Booklet, you should ensure that you download and read the entire Retail Offer Booklet. The electronic version of this Retail Offer Booklet on the AJL website at www.lucas.com.au will not include a personalised Entitlement and Acceptance Form.

5.13 Continuous disclosure

AJL is a 'disclosing entity' under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports. AJL is required to notify the ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the stock markets conducted by the ASX. In particular, AJL has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities. That information is available to the public from the ASX and can be accessed at www.asx.com.au.

Some documents are required to be lodged with ASIC in relation to AJL. These documents may be obtained from, or inspected at, an ASIC office.

5.14 Foreign jurisdictions

This Information has been prepared to comply with the requirements of the securities laws of Australia and New Zealand. To the extent that you hold Shares or Entitlements on behalf of another person resident outside Australia or New Zealand, it is your responsibility to ensure that any participation (including for your own account or when you hold Shares or Entitlements beneficially for another person) complies with all applicable foreign laws and that each beneficial owner on whose behalf you are submitting the personalised Entitlement and Acceptance Form is not in the United States and not acting for the account or benefit of a person in the United States.

This Retail Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer, the Retail Entitlements, the New Shares or any Additional New Shares, or otherwise permit the public offering of the New Shares or any Additional New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Information (including an electronic copy) outside Australia and New Zealand may be restricted by law. If you come into possession of this Information, you should observe such restrictions and should seek your own advice on such restrictions. See the foreign selling restrictions set out in the “Foreign Jurisdictions” section of the AJL Investor Presentation included in Section 4 of this Retail Offer Booklet for more information.

Any non-compliance with these restrictions may contravene applicable securities laws.

New Zealand

The New Shares being offered under the Retail Entitlement Offer are being offered to Eligible Retail Shareholders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). This Retail Offer Booklet has been prepared in compliance with Australian law and is not an investment statement, prospectus or product disclosure statement under New Zealand law and has not been registered, filed with, or approved by any New Zealand regulatory authority or under or in accordance with the New Zealand Securities Act 1978, New Zealand Financial Markets Conduct Act 2013 or any other relevant law in New Zealand. It may not contain all the information that an investment statement, prospectus or product disclosure statement under New Zealand law is required to contain. It is a term of this offer that the offer of securities to the public in New Zealand is made in compliance with the laws of Australia and any code, rules and requirements relating to the offer that apply in Australia.

United States

The Retail Entitlements, the New Shares and any Additional New Shares have not been and will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States, and may not be offered, sold or resold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. Retail Entitlements may not be taken up, purchased or exercised by persons in the United States or by persons who are acting for the account or benefit of persons in the United States, and New Shares and any Additional New Shares may not be offered to or sold to persons in the United States or to persons who are acting for the account or benefit of persons in the United States. The Retail Entitlements, the New Shares and any Additional New Shares in the Retail Entitlement Offer will be sold only in “offshore transactions” (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act. Because of these legal restrictions, you must not distribute, release or send copies of this Retail Offer Booklet or any other material relating to the Retail Entitlement Offer to any person in the United States.

5.15 Underwriting Agreement

AJL has entered into an agreement (**Underwriting Agreement**) under which the Underwriter has agreed to act as managers of, and underwrite, the shortfall of the Entitlement Offer (excluding the firm commitments received from AJL's 2 largest shareholders).

As is customary with these types of arrangements:

- AJL has agreed, subject to certain exclusions relating to, among other things, wilful default, misconduct, fraud, negligence or breach of contract of an indemnified party, to indemnify the Underwriter, their affiliates and related bodies corporate, and each of their directors, officers and employees against any losses they may suffer or incur in connection with the Entitlement Offer;

- AJL and the Underwriter have given certain representations, warranties and undertakings in connection with (among other things) the Entitlement Offer; and
- The Underwriter may, in certain circumstances, terminate the Underwriting Agreement and be released from its obligations under it on the happening of certain events including (but not limited to) if
 - the documentation for the Entitlement Offer or any aspect of the Entitlement Offer does not comply with the Corporations Act, ASX Listing Rules or any other applicable law;
 - a representation or warranty under the Underwriting Agreement is or becomes untrue or incorrect;
 - the Underwriting Agreement is breached;
 - AJL disposes, or agrees to dispose, of the whole, or a material part, of its business or assets without the prior written consent of the Underwriter;
 - the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the AJL are unacceptable circumstances under Pt 6.10 of the Corporations Act;
 - either of AJL's two largest shareholders fail to settle in full their firm entitlement commitments as detailed in their respective commitment letters;
 - any of the Small Ordinaries Index or the Standard & Poors/ ASX 200 Index as published by ASX falls by 7.5% or more below its respective level as at the close of business on the business day prior to the date of the Underwriting Agreement (announcement of the Entitlement Offer);
 - a contravention by AJL of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - a director or senior manager of AJL or any of its subsidiaries is charged with an indictable offence;
 - there is a change in relevant law;
 - there are certain delays in the timetable without the Underwriter's consent;
 - a suspension or material limitation in trading generally on ASX occurs or any change or disruption occurs in the existing financial markets, political or economic conditions of Australia, the United Kingdom and the USA; or
 - there is an outbreak or escalation of hostilities involving (or significant terrorist act perpetrated against) one or more of Australia, New Zealand, the United Kingdom or the USA or significant terrorist attack anywhere in the world.

The ability for the Underwriter to terminate the Underwriting Agreement in respect of some events will depend on whether the event has or is likely to have a materially adverse effect on the success of the Entitlement Offer, settlement of the Entitlement Offer, or the value of New Shares.

AJL has agreed to pay to the Underwriter a corporate retainer of A\$25,000 (excluding GST), an offer management fee of 1.25% (excluding GST) of the Entitlement Offer and a selling fee of 5.00% (excluding GST) of amounts raised under the Entitlement Offer, excluding Kerogen's pro rata entitlement. The Underwriter would also be reimbursed for certain expenses.

The Underwriter has obtained sub-underwriting support from Kerogen and certain new institutional investors. As a result, the combination of the shareholder commitments and underwriting of the shortfall is equal to the gross proceeds intended to be raised under the Entitlement Offer.

It is the final and absolute responsibility of AJL to ensure, and AJL has undertaken to ensure, that this Retail Offer Booklet and certain other materials related to the Entitlement Offer comply in all respects with the relevant provisions of applicable laws, notwithstanding that the Underwriter has assisted AJL in their preparation.

5.16 Governing law

This Information, the Retail Entitlement Offer and the contracts formed on acceptance of each personalised Entitlement and Acceptance Forms are governed by the laws applicable in New South Wales, Australia. Each applicant for Retail Entitlements, New Shares and any Additional New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

5.17 Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this Information.

Any information or representation that is not in this Information may not be relied on as having been authorised by AJL, or its related bodies corporate, in connection with the Retail Entitlement Offer. Except as required by law, and only to the extent so required, none of AJL, nor any other person, warrants or guarantees the future performance of AJL or any return on any investment made pursuant to this Information or its content.

5.18 Withdrawal of the Entitlement Offer

AJL reserves the right to withdraw or vary all or part of the Entitlement Offer and this Information at any time, subject to applicable laws, in which case AJL will refund Application Monies in relation to Retail Entitlements, New Shares or any Additional New Shares not already issued in accordance with the Corporations Act and without payment of interest. In circumstances where allotment under the Institutional Entitlement Offer has occurred, AJL may only be able to withdraw the Entitlement Offer with respect to New Shares and any Additional New Shares to be issued under the Retail Entitlement Offer.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to AJL will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to AJL.

5.19 Privacy

As a shareholder, AJL and the AJL Share Registry have already collected certain personal information from you. If you apply for Retail Entitlements, New Shares and any Additional New Shares, AJL and the AJL Share Registry may update that personal information or collect additional personal information. Such information may be used to assess your acceptance of the Retail Entitlement, New Shares and any Additional New Shares, service your needs as a shareholder, provide facilities and services that you request and carry out appropriate administration.

To do that, AJL and the AJL Share Registry may disclose your personal information for purposes related to your shareholdings to their agents, contractors or third party service providers to whom they outsource services, in order to assess your application for your Retail Entitlement, New Shares and any Additional New Shares, the AJL Share Registry for ongoing administration of the register, printers and mailing houses for the purposes of preparation of the distribution of shareholder information and for handing of mail, or as otherwise under the *Privacy Act 1988* (Cth).

If you do not provide us with your personal information we may not be able to process your application. In most cases you can gain access to your personal information held by (or on behalf of) AJL or the AJL Share Registry. We aim to ensure that the personal information we retain about you is accurate, complete and up to date. To assist us with this please contact us if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information we have about you, we will take steps to correct it. You can request access to your personal information by telephoning or writing to AJL through the AJL Share Registry as follows:

AJ Lucas Group Limited – Retail Entitlement Offer

Computershare Investor Services Pty Limited

GPO Box 2975

Melbourne

VIC 3001 Australia

Corporate Directory

AJ Lucas Group Limited ACN 060 309 104

Level 2, 394 Lane Cove Road
Macquarie Park
NSW 2113 Australia
www.lucas.com.au

AJL Offer Information Line

Within Australia: 1300 556 161
Outside of Australia: +61 3 9415 4000
Open between 8.30am to 5.00pm (Sydney time), Monday to Friday until 5 May 2016

AJL Share Registry

Computershare Investor Services Pty Limited
GPO Box 1903
Adelaide
SA 5001 Australia
www-au.computershare.com