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**Australian Securities Exchange Limited  
Via electronic lodgement**

**AJ Lucas stake in Sydney Gas valued at \$34 million.**

Following today's announcement by AGL Energy Limited (AGL) of its off market takeover offer for Sydney Gas Limited (SGL), AJ Lucas Group Limited (AJL) advises that its intention is to sell its shares in SGL into the AGL bid, unless a superior proposal emerges.

AJL advises that it has today entered into a Pre-bid Acceptance Agreement with AGL in relation to 59,570,523 shares in SGL (AJL intends to accept the AGL offer for the balance of its shareholding in SGL in the absence of a superior proposal). The terms of the pre bid acceptance agreement have been separately released to ASX.

AJL considers that the offer for SGL is at an attractive price and provides a good return on its investment. AJL believes that AGL is the natural owner of this resource and that, as 100% owner of both the Sydney basin and Gloucester basin, AGL is better placed to commit the necessary financial and management resources to accelerate these developments. AJL will continue its technical and drilling services arrangements in relation to both fields.

Should the AGL offer be successful, AJL will receive \$34 million in cash. This, together with the \$259 million cash proceeds from the sale of AJL's interests in the Gloucester basin, means that AJL has realised close to \$300 million in cash for its NSW CSM assets.

The cash proceeds will be utilised in the business of AJL and, in part, to be applied to debt repayment.

For further information, please contact:

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Chairman and Chief Executive Officer

**About AJ Lucas Group Limited**

AJ Lucas is a leading provider of both specialist infrastructure and mining services. It is the leading supplier of drilling services to Australia's coal and coal seam gas industries. It is also Australia's largest builder of long distance gas pipelines. Other divisions provide gas management services to the coal and coal seam gas industry, construction, civil and property services.

AJ Lucas also has a significant coal seam gas portfolio with a 19.9% shareholding in Sydney Gas Limited, 15% of ATP651 in the Surat Basin and a 60% shareholding in Arawn Energy Limited, which is currently drilling in British Columbia in Canada.

