

9 May 2025

Debt Refinancing Completed

- **Senior Facility increased and amended in line with improved Group fundamentals**
- **Junior Facility fully repaid, leading to a reduction in ongoing interest costs**
- **Shareholder Loan extended with significant interest reduction incentives included**

AJ Lucas Group Limited (ASX: AJL, the “**Group**”) is pleased to announce that it has successfully negotiated a two-year extension to April 2027 of the Senior Syndicated Finance Facility (“**Senior Facility**”) provided by Balmain (“**Senior Lender**”), with amendments including an increase in the facility limit to \$50m (previously \$35m). These additional funds have assisted the Group to fully repay the HSBC Junior loan (“**Junior Facility**”) and lower the Group’s cost of debt. Further, the Company has negotiated an extension of its loan from Kerogen Capital (“**Shareholder Loan**”) to July 2027 and with amended terms that also give the Group the opportunity to materially reduce the cost of this debt.

AJL Chief Executive and Managing Director, Greg Runge said:

“We have been successful in negotiating improvements to the terms of the Group’s finance facilities that will lead to significant savings, provide real opportunities to accelerate the deleveraging of the Group debt while offering flexibility to invest where favourable opportunities present.

The improved terms of the finance arrangements reflect the Group’s capital discipline, as shown by its strategy of repaying existing debt while investing in appropriate capital equipment to sustain earnings and support future growth.”

The overall limit of the Senior Facility has been increased in line with an increase in asset backing, taking into consideration further planned increases. This has predominantly been driven by a recent strategy of targeted reinvestment in existing and replacement plant and equipment. This includes the largely completed construction of a new multipurpose large diameter rig also capable of directional drilling, and the expected completion of two new multipurpose exploration rigs before the end of 2025.

The Senior Lender has also agreed to increase the lending advance rates for nine months (“**stretch period**”) applied against certain classes of asset to facilitate the immediate repayment in full of the existing Junior Facility. The Junior Facility, originally a \$50m loan established in 2019, has been reduced through regular principal repayments with the remaining balance of approximately \$13m to be extinguished as a condition of the amended Senior Facility.

The interest rate on the Senior Facility comprises a base rate plus a margin, with the margin being at least 4.75% lower than was the equivalent margin on the Junior Facility, with further margin reduction of up to 1.25% on completion of the stretch period.

As previously stated, as well as extending the maturity date of the Shareholder Loan, the Group also agreed other amendments that gives it the opportunity to materially reduce the cost of this debt from the current accrual rate of 18% per annum to the rates summarised below in the table below, effective from the amendment date of 9 May 2025, for interest that is cash paid.

	Principal	Accrued Interest	Total	Interest rate (p.a.)*	Cash paid interest (p.a.)
Tranche 1	US\$25.0m	US\$9.1m	US\$34.1m	16%	8% – 9%
Tranche 2	US\$17.3m	US\$6.3m	US\$23.6m	17%	9% – 10%

*Interest not paid in cash will continue to accrue at the higher interest rate.

The Group will continue to be subject to financial covenants under the Senior Facility. Restrictions on payments of interest and principal towards the Shareholder Loan apply subject to sufficient liquidity metrics and continued covenant compliance.

Authorised for lodgement by the Chairman.

ENDS

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