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TRADING AND OPERATIONS UPDATE

AJ Lucas is pleased to report that all the rain affected areas where the Company's drilling rigs were interrupted have now dried out and accordingly, that its drilling operations have now been completely restored. Commensurate with the high demand for coal, the Group's drilling services are experiencing high demand with the fleet operating at close to full capacity.

The Group has also substantially completed the restructuring of its drilling operations. The reduction in costs and downtime has resulted in significantly improved margins approaching those achieved prior to the economic downturn experienced over the last 18 months.

The improved drilling performance together with continued strong results from the Group's construction division are underpinning the results of the consolidated group with the most recent earnings guidance for the current financial year expected to be achieved.

Cuadrilla

Following the subscription for equity by Riverstone Holdings in Cuadrilla Resources, announced in February 2010, Cuadrilla is well capitalised and continues to make steady progress in the exploration in Europe for unconventional hydrocarbons, principally from shale. Application has been made for exploration licences in excess of 2.5 million acres across the UK, Holland, Spain and Central Europe with gross acreage awarded in excess of 1.1 million acres.

The Company's custom built HH-220 drill rig is en-route from Drillmec's Italian manufacturing facility directly to the Bowland Shale prospect with the first well expected to spud on 1 July. The Bowland Shale Formation is some 4,000 feet thick and will be stimulated in three separate zones using the Company's 15,000 HP fracking spread and then flow tested as a combined interval, with the process then repeated in the next three zones. Each of the three flow testing periods will take approximately 30 days.

The Company's drill rig is thought to be amongst the largest in Europe. The capacity of the rig will allow drilling at greater depth (up to 8,200 feet) as well as accelerate the drilling progress. First results from the drilling are expected early in calendar 2011.

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About AJ Lucas Group Limited

Lucas is a leading provider of specialist infrastructure and mining services and is the largest supplier of drilling services to Australia's coal and coal seam gas industries. It is also one of Australia's largest builders 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 is also a proven developer of unconventional hydrocarbon properties. Past projects successfully developed and exited include the Company's investments in Gloucester Basin, Sydney Gas and ATP651 in Queensland's Surat Basin.

