



AJ Lucas Group Limited

Retail Entitlement Offer

AJ Lucas Group Limited ACN 060 309 104

1 for 1.25 pro rata accelerated non-renounceable entitlement offer of AJ Lucas Group Limited ordinary shares at an Offer Price of A\$1.20 per New Share.

Retail Entitlement Offer closes at 5.00pm (Sydney time) on Wednesday, 3 July 2013.

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 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 Australian Securities Exchange (**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 (**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 (as defined in Section 5.1).

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 Placement and the Entitlement Offer (including, the Retail Entitlement Offer)	Thursday, 13 June 2013
Record Date for eligibility in the Retail Entitlement Offer (7.00pm, Sydney time)	Wednesday, 19 June 2013
Retail Entitlement Offer opens	Monday, 24 June 2013
Retail Offer Booklet despatched, including personalised Entitlement and Acceptance Form	Monday, 24 June 2013
Retail Entitlement Offer closes (5.00pm, Sydney time) including retail oversubscriptions	Wednesday, 3 July 2013
Notification of allocations to cornerstone investors who have pre-committed to subscribe for Retail Shortfall Shares	Tuesday, 9 July 2013
Settlement of Retail Entitlement Offer	Friday, 12 July 2013
Issue of New Shares under the Retail Entitlement Offer	Monday, 15 July 2013
New Shares under the Retail Entitlement Offer commence trading on a normal settlement basis	Tuesday, 16 July 2013
Despatch of holding statements	Wednesday, 17 July 2013

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 will 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 17 July 2013. Alternatively, you can access information about the Retail Entitlement Offer online at www.lucas.com.au.



Letter from the Chairman

Monday, 24 June 2013

Dear Shareholder,

On behalf of AJ Lucas Group Limited (**AJL**), I am pleased to invite you to participate in a 1 for 1.25 pro rata accelerated non-renounceable entitlement offer of new AJL ordinary shares (**New Shares**) at an offer price of A\$1.20 per New Share (**Offer Price**), to raise gross proceeds of approximately A\$33.9 million.

As announced on 13 June 2013, AJL is proposing to raise approximately \$148.8 million via an institutional equity placement (**Placement**) and 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 1 New Share for every 1.25 existing AJL ordinary shares (**Shares**) held at 7.00pm (Sydney time) Wednesday, 19 June 2013 (**Entitlement**). The Offer Price of A\$1.20 per New Share represents a discount of 25% to the closing market price of Shares on ASX on Thursday, 13 June 2013, the business day the Entitlement Offer was announced, and a 15.6% 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 17 June 2013, AJL has successfully completed:

- the Placement, raising gross proceeds of approximately \$11.1 million; and
- the underwritten Institutional Entitlement Offer (excluding institutional shareholders who committed prior to the announcement of the Offer to take up their Entitlements), raising gross proceeds of approximately A\$103.8 million.

The Retail Entitlement Offer is expected to raise approximately A\$33.9 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).

The Retail Entitlement Offer closes at 5.00pm (Sydney time) on Wednesday, 3 July 2013. 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

¹TERP 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 Thursday, 13 June 2013.

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 17 July 2013.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Allan Campbell', written in a cursive style.

Allan Campbell
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 defined 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 Wednesday, 3 July 2013.• 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 payment or value for that lapsed Retail Entitlement	<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 Entitlements will Lapse. Your Retail Entitlement is non-renounceable and cannot be traded on ASX or any other exchange, nor can it be privately transferred.• 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. 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 1 New Share for every 1.25 existing Shares held as at 7.00pm (Sydney time) on Wednesday, 19 June 2013 (**Record Date**), at the Offer Price of A\$1.20 per New Share.

The Entitlement Offer is comprised of four components:

- **Institutional Entitlement Offer**—Eligible Institutional Shareholders (as defined 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;
- **Underwritten Institutional Shortfall** – Kerogen Investments No. 1 (HK) Limited acted as underwriter of the Institutional Entitlement Offer (other than Eligible Institutional Shareholders who committed, prior to launch of the Offer, to take up their Institutional Entitlements);
- **Retail Entitlement Offer**—Eligible Retail Shareholders (as defined in Section 5.1) will be allotted Retail Entitlements under the Retail Entitlement Offer (**Retail Entitlements**) which can be taken up in whole or in part. Retail Entitlements are non-renounceable and are not tradeable or otherwise transferable. In addition, Eligible Retail Shareholders may also apply for Additional New Shares in excess of their Retail Entitlements. Any application for Additional New Shares is subject to scale back at AJL's absolute discretion; and
- **Retail Shortfall** — Subject to retail oversubscriptions, Retail Entitlements which are not taken up by the close of the Retail Entitlement Offer and Entitlements of Ineligible Retail Shareholders (as defined in Section 5.1) will be allocated to certain institutional investors in accordance with pre-commitment allocations. You will not receive any payment or value for those Retail Entitlements not taken up.

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 1 New Share for every 1.25 existing Shares held as at the Record Date at the Offer Price of A\$1.20 per New Share.

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) Monday, 24 June 2013 and will close at 5.00pm (Sydney time) on Wednesday, 3 July 2013.

2.3 Your Retail Entitlement

Your Retail Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 New Share for every 1.25 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. Additional New Shares will only be allocated to Eligible Retail Shareholders, if and to the extent that AJL so determines, in its absolute discretion, having regard to circumstances at the time of the close of the Retail Entitlement Offer.

Any Additional New Shares will be limited to the extent that there are sufficient New Shares from Eligible Retail Shareholders who do not take up their full Retail Entitlements or from New Shares that would have been offered to

Ineligible Retail Shareholders if they had been entitled to participate in the Retail Entitlement Offer. AJL may scale-back applications made for Additional New Shares (in its 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 5.13 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 Wednesday, 3 July 2013.

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 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 Monday, 15 July 2013. If you apply for Additional New Shares then, subject to AJL’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 Monday, 15 July 2013. AJL's decision on the number of 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 Retail Shortfall

Subject to retail oversubscriptions, Retail Entitlements which are not taken up by close of the Retail Entitlement Offer, and Entitlements of Ineligible Retail Shareholders, will be sold to certain institutions in accordance with pre-commitment allocations. You will not receive any payment or value for those Retail Entitlements you do not take up.

2.7 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 potentially, any Additional New Shares in accordance with Section 2.5.1) as your payment will pay for in full up to your Retail Entitlement (and potentially, any Additional New Shares in accordance with Section 2.5.1).

Any Application Monies received for more than your final allocation of 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 2.9; 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 Wednesday, 3 July 2013. 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\$1.20 multiplied by the number of New Shares that you are applying for and potentially, 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 2.9. Alternatively, your application will not be accepted.

2.8 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 **Wednesday, 3 July 2013**. 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.

2.9 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 2.9 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;
- 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;
- 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 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.

2.10 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 17 July 2013. 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

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 (ie 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)

4. ASX Announcements



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13 June 2013

ASX ANNOUNCEMENT/MEDIA RELEASE

***** \$148.8 MILLION EQUITY RAISING *****

***** SALE OF PART OF BOWLAND INTEREST *****

***** BALANCE SHEET RECAPITALISATION *****

AJ Lucas Group Limited (ASX: AJL) ("**Company**" or "**Lucas**") announced this evening the launch of an institutional equity placement ("**Institutional Placement**") and pro rata non renounceable entitlement offer ("**Entitlement Offer**"), which will raise up to \$148.8 million, as follows:

- **Institutional Placement** - placement of approximately 9.26 million new shares to institutional investors, to raise approximately \$11.1 million. Lucas has received binding subscriptions for this amount;
- **Institutional Entitlement Offer** - non renounceable institutional equity entitlement offer of 1 new share for every 1.25 shares held, to raise approximately \$105.1 million. Lucas has secured an underwriting commitment and binding subscriptions for this amount, to be utilised in the event of a shortfall; and
- **Retail Entitlement Offer** - non renounceable retail equity entitlement offer of 1 new share for every 1.25 shares held, to raise approximately \$32.5 million. Lucas has secured binding subscriptions from institutions to subscribe for any shortfall arising from the retail offer, in the event of a shortfall.

The price at which all equity will be raised is \$1.20 per share, representing a discount of 15.6% to the theoretical ex rights price of \$1.42 (based on the most recent closing price of \$1.60 on 13 June 2013).

Kerogen Investments No.1 (HK) Limited ("**Kerogen**"), the Company's largest shareholder, will subscribe for up to approximately \$85.3 million of shares, including approximately \$61.0 million via its pro rata participation in the Entitlement Offer and up to approximately \$24.3 million via an underwriting agreement for the institutional component of the Entitlement Offer (other than institutional shareholders who have committed, prior to the announcement of the Entitlement Offer, to take up their entitlements). Kerogen's underwriting agreement includes subscribing for shortfall shares arising under the institutional component of the Entitlement Offer (provided that its shareholding in Lucas does not exceed a total relevant interest of 49.99%). Eligible institutional shareholders may also apply for shortfall shares which would cause Kerogen's holding to exceed 49.99%. Settlement of Kerogen's subscriptions will occur with both the Institutional and Retail Entitlement Offers, to ensure that Kerogen does



not hold more than 49.99% of Lucas. Kerogen will not be paid any fees for either its commitment or entering into its Underwriting Agreement.

The capital raising is being undertaken in conjunction with a separately announced agreement where Lucas and Cuadrilla have agreed to sell 25% of each of their respective interests in the Bowland gas project in England to a subsidiary of major UK energy company Centrica. The total transaction payments to be made by Centrica North Sea Gas Limited ("Centrica") are up to £145mm (\$235million) to acquire a 25% direct interest in the Bowland licence, including an upfront cash payment to Lucas of approximately \$16.2 million.

Collectively, these initiatives represent a major recapitalisation of Lucas' balance sheet and also a clear demonstration of the value being created by Cuadrilla.

The Company's Chairman, Mr Allan Campbell, commented: "Today marks a milestone for Lucas. Our vision for pioneering investment into unconventional European oil and gas opportunities has been vindicated. And with the new equity, we are now much more strongly capitalised to secure additional work and to continue to develop our energy investments."

Proceeds of the Institutional Placement and the Entitlement Offer will be used to repay all of the outstanding ANZ debt facilities and a minimum of approximately \$75.3 million of the Kerogen mezzanine facility. Following completion of the Institutional Placement and the Entitlement Offer and receipt of the upfront payment from Centrica for the Bowland sale, Lucas' net debt is expected to be reduced to \$69.3 million and cash holdings are expected to be a minimum of \$9 million. Furthermore, Lucas is not expected to be required to make further cash contributions to Cuadrilla or the Bowland project until at least beyond the end of calendar year 2014.

Details of the Entitlement Offer

The Entitlement Offer comprises an accelerated institutional component ("**Institutional Entitlement Offer**") and a retail component ("**Retail Entitlement Offer**"). Eligible shareholders will be able to subscribe for 1 new share ("New Shares") for every existing 1.25 Lucas shares held on the Record Date of 7:00pm on 19 June 2013. New Shares issued will rank pari passu with existing shares. Key dates of the Entitlement Offer are provided in the Appendix to this document.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer, which will take place from 13 June 2013 to 14 June 2013. Eligible institutional shareholders may elect to take up some, all or none of their entitlements. Entitlements not taken up by institutional shareholders, and entitlements of ineligible institutional shareholders, will be taken up by Kerogen via its Underwriting Agreement and eligible institutional shareholders who have applied to subscribe for shortfall shares to the extent Kerogen's shareholding would exceed 49.99%.



Participation by major shareholders

Lucas' largest shareholder, Kerogen, has agreed to subscribe in full for its pro rata share of the Institutional Entitlement Offer. In addition, Kerogen has entered into an Underwriting Agreement with Lucas described above.

Lucas' largest institutional shareholder, Coupland Cardiff Asset Management LLP, has also agreed to subscribe in full for its pro-rata share in the Retail Entitlement Offer.

Andial Holdings Pty Limited (an entity associated with Lucas' CEO Allan Campbell) will not be subscribing for its entitlement under the Entitlement Offer

Retail Entitlement Offer

Eligible retail shareholders will be invited to participate in the Retail Entitlement Offer, which will take place from 24 June 2013 to 3 July 2013. Eligible retail shareholders may elect to take up some, all or none of their entitlements. Retail entitlements not taken up by retail shareholders and entitlements of ineligible retail shareholders will be made available for subscription by other eligible retail shareholders wishing to invest additional amounts above their pro rata entitlement. Shareholders who do not take up their entitlements (including ineligible shareholders) will not receive any proceeds from the sale of their retail entitlements.

Lucas has received commitments from certain investors to subscribe for any shortfall arising from the Retail Entitlement Offer. This includes a priority allocation of any shortfall arising from the Retail Entitlement Offer to Belbay Investments Pty Ltd ("**Belbay**") of up to approximately 18.6 million shares. Belbay currently owns approximately 2% of Lucas and has agreed to subscribe for its pro rata entitlement under the Retail Entitlement Offer, in addition to subscribing for Institutional Placement shares. The maximum pro-forma shareholding Belbay could hold in Lucas is 10.1%, subject to take up in the Retail Entitlement Offer.

Further details about the Retail Entitlement Offer will be set out in the Retail Offer Booklet, which Lucas expects to lodge with the ASX on 24 June 2013. Eligible retail shareholders wishing to participate in the Retail Entitlement Offer should carefully read the Retail Offer Booklet and an accompanying personalised entitlement and acceptance form. Copies of the Retail Offer Booklet will be available on the ASX website.

Business Update

As previously disclosed, trading conditions have been difficult during the 2013 financial year as a result of the downturn in the coal industry. As a result, Lucas has undertaken a significant restructuring of its operating businesses in order to align costs with the changed business environment.



Lucas expects to report a net loss for the 2013 financial year and also expects that reported EBITDA will be a loss of at least \$20 million. Underlying EBITDA, adjusting for one-off matters including restructuring costs, is projected to be at least \$1.5 million. For the 2014 financial year, the reported EBITDA is projected to be \$20-23 million and underlying EBITDA is projected to be \$26-29 million. The improvement in profitability is principally because of the reduced cost base; three new contracts which are currently being negotiated and which are expected to be awarded before the end of June 2013; an assumption that additional contracts will be won during the period; that legal and refinancing costs, as well as redundancy costs, return to normal levels; that poorly performing legacy contracts complete in FY1H14; and that corporate overheads are further reduced.

Board Update

Lucas' Board will undertake a review of the composition of the Board during the remainder of calendar year 2013, the result of which is likely to lead to the appointment of new directors and a separation of the Executive Chairman and CEO roles.

ENDS

* * * * *

Contact for investors and media:

Nicholas Swan
Company Secretary
AJ Lucas Group Limited
Ph: +61 2 9490 4127



APPENDIX – INDICATIVE ENTITLEMENT OFFER TIMETABLE

Event	Date
Trading halt	After market close on Thursday 13 June and Friday 14 June 2013
Institutional Entitlement Offer and Placement	Thursday 13 June (after market close) to Friday 14 June 2013
Shares recommence trading on ASX on an ex entitlement basis	Monday, 17 June 2013
Record date for eligibility in the Entitlement Offer (7.00 pm)	Wednesday, 19 June 2013
Retail Entitlement Offer opens	Monday, 24 June 2013
Retail Offer Booklet dispatched to Eligible Retail Shareholders	Monday, 24 June 2013
Normal trading of New Shares issued under Institutional Entitlement Offer and Placement expected to commence on ASX	Thursday, 27 June 2013
Retail Entitlement Offer closes	Wednesday 3 July 2013
Normal trading of New Shares issued under Retail Entitlement Offer and partial underwriting	Tuesday, 16 July 2013

The above timetable is indicative only and subject to change. All times represent Sydney time. Lucas reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. In particular, Lucas reserves the right to extend the closing date, to accept late applications either generally or in particular cases, and to withdraw the Placement and the Entitlement Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX.



About AJ Lucas Group Limited

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

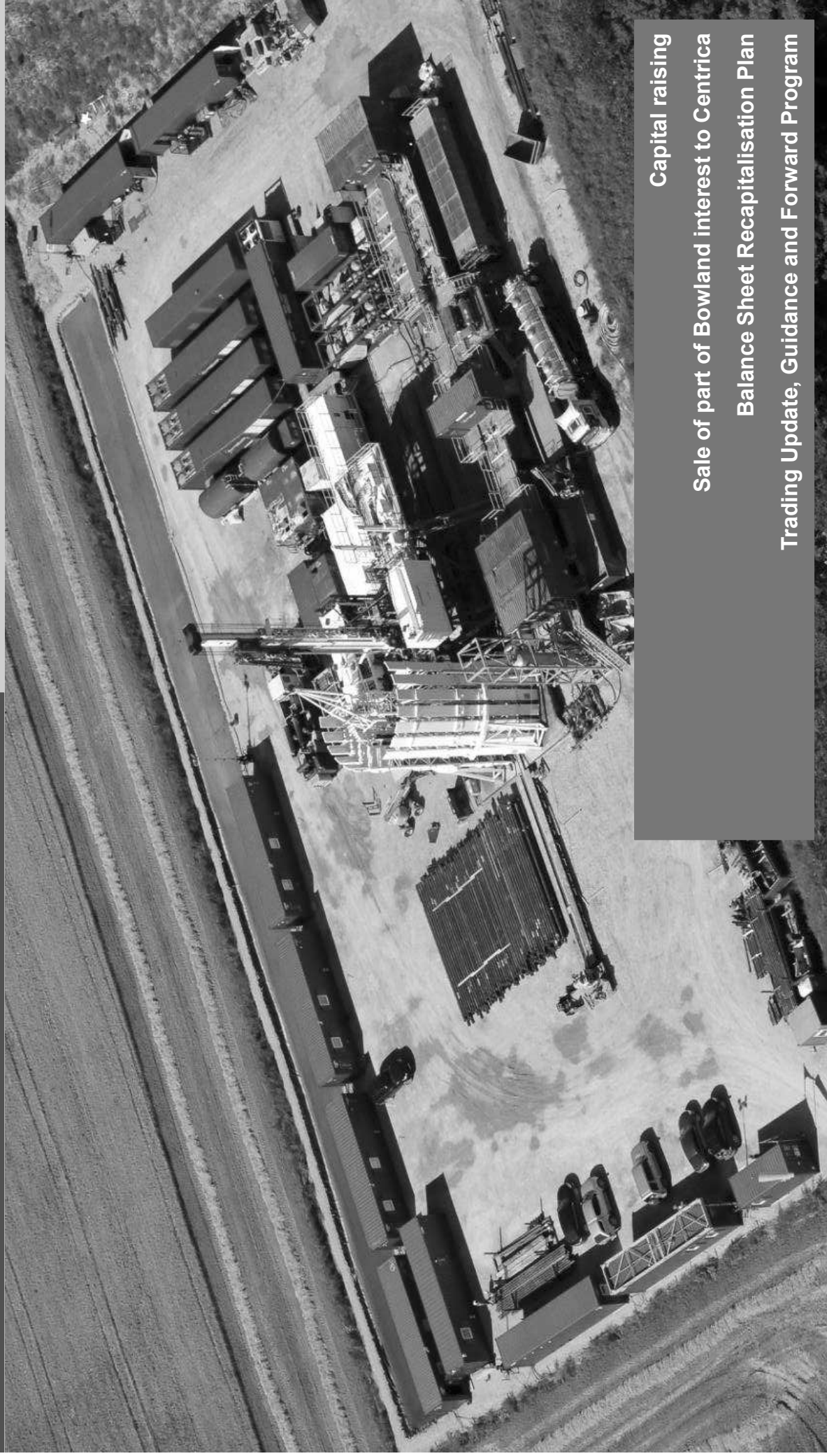
AJ Lucas is also a proven developer of unconventional hydrocarbon properties. Current investments include a 44% shareholding in Cuadrilla, an exploration and production company focused on unconventional hydrocarbons in Europe, and an 18.75% direct interest in the Bowland and a 25% direct interest in Weald shale basin prospects in respectively North West and South East England. Past projects successfully developed and exited include the Company's investments in Gloucester Basin, Sydney Gas and ATP651 in Queensland's Surat Basin.

Important information:

Nothing contained in this announcement constitutes investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the information and any action on the basis of that information.

This announcement 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 Lucas. 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 Lucas' proposed recapitalisation will be achieved.

AJ Lucas Group Limited
13 July 2013



Capital raising
Sale of part of Bowland interest to Centrica
Balance Sheet Recapitalisation Plan
Trading Update, Guidance and Forward Program



Disclaimer and Important Notice

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.



Disclaimer and Important Notice (cont.)

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.

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.

Overview

- **Sale of part of Bowland interest to Centrica**
 - AJL and its 44% owned associate, Cuadrilla, have each agreed to sell 25% of their respective interests in the Bowland shale license (PEDL 165), located in Lancashire, England, to Centrica
 - AJL's direct interest in Bowland reduces from 25% to 18.75%, and Cuadrilla's direct interest reduces from 75% to 56.25%
 - AJL's effective ownership in Bowland reduces from 58% to 43.5%
 - Total transaction payments by Centrica of up to GBP145mm (\$235mm) to acquire a 25% interest in Bowland (see page 6)
- **Balance Sheet Recapitalisation Plan**
 - \$165.0mm Balance Sheet Recapitalisation Plan (including capital raising and AJL share of Bowland sale proceeds of \$16.2mm)
 - Will repay senior ANZ facility in full
 - Pro-forma net debt expected to reduce to approximately \$69.3mm
 - AJL will not need to draw down under the facility agreement with Athena Investments Holdings LLC (**Athena**)
- **Trading update and guidance**
 - AJL is expected to make a Reported EBITDA for financial year ending 30 June 2013 of approximately \$(20mm)
 - Guidance for FY2014 Underlying EBITDA of approximately \$26mm to \$29mm (see assumptions slide 19)
- **Forward Program for Cuadrilla**
 - Based on the completion of the sale of part of the Bowland interest to Centrica, active and funded CY2013 and CY2014 capital investment program for Cuadrilla
 - AJL and Cuadrilla free carried on next stage of Bowland development up to GBP60mm
 - Cuadrilla funded to GBP30mm for other exploration and other general and administration expenses, including an oil exploration well at Bolney which is scheduled to spud in Q3 calendar year 2013
 - AJL not expected to be required to contribute additional equity to Cuadrilla or Bowland until after the end of calendar year 2014
- **Board review** - AJL's Board will undertake a review of both the current composition of, and corporate governance issues relating to, the Board during the remainder of 2013 which is likely to lead to the appointment of new directors and a separation of the Executive Chairman and CEO roles



Sale of part of Bowland interest to
Centrica



Transaction Details

- Centrica will invest up to GBP145mm (\$235mm) to acquire a 25% interest in the Bowland license as follows:
 - Sale by:
 - AJL of 100% of shares in Lucas Energy (UK) Limited which holds 6.25% direct interest in Bowland license
 - Cuadrilla of 100% of shares in Bowland Resources Limited which holds 18.75% direct interest in Bowland license
 - AJL retains a 43.5% effective interest in Bowland license, 18.75% directly and 24.75% via Cuadrilla
 - At completion, Centrica pays GBP40mm (\$65mm), with payments to Cuadrilla of GBP30mm (\$49mm) and to AJL of GBP10mm (\$16.2mm)
 - Centrica funds the first GBP60mm (\$97mm) of expenditure on Bowland - ie. GBP45mm (\$73mm) free carry for AJL/Cuadrilla residual 75% share
 - Centrica has agreed to make an additional contingent payment to AJL/Cuadrilla of GBP60mm (\$97mm)
 - The contingent payment will become payable depending either on time based milestones or associated with the successful flow-testing of 2 wells

A black and white photograph of an industrial facility at night. In the foreground, a large cylindrical storage tank is visible. In the background, a tall distillation column with a complex network of pipes and structural steel is illuminated by bright lights. The sky is dark with some clouds.

Balance Sheet Recapitalisation Plan



Overview of the Recapitalisation Plan

- Balance Sheet Recapitalisation Plan to raise gross proceeds of approximately \$165.0mm (including AJL share of Bowland sale proceeds of \$16.2mm)
- Size and structure
 - Institutional Placement – 9.26m shares to raise approximately \$11.1mm
 - 1 for 1.25 accelerated non-renounceable Institutional Entitlement Offer – to raise approximately \$105.1mm
 - 1 for 1.25 non-renounceable Retail Entitlement Offer – to raise approximately \$32.5mm
 - Cash from Centrica for the sale of the 6.25% interest in Bowland license – GBP10mm (\$16.2mm)
- \$1.20 fixed Offer Price
 - 15.6% discount to the Theoretical Ex-Rights Price (“TERP”)
 - 25% discount to last closing price on Thursday, 13 June 2013 of \$1.60
- Approximately 124mm new shares will be issued as part of AJL’s Recapitalisation Plan, increasing AJL’s fully diluted shares and options on issue to approximately 284.5mm
- Institutional Placement and Institutional Entitlement Offer
 - Combined will raise approximately \$116.2mm
 - AJL’s largest shareholder - Kerogen – has agreed to subscribe in full for its pro rata entitlement and has entered into an Underwriting Agreement under which it has agreed to underwrite any shortfall arising from the Institutional Entitlement Offer, excluding pre-commitments obtained from other existing institutional shareholders of \$19.8mm, provided the issue does not cause its shareholding to exceed 49.99%
 - Kerogen’s total commitment is for up to \$85.3mm of new shares (see details over page)
 - Other existing institutional shareholders have provided commitments to subscribe for pro rata entitlements of \$19.8mm and also agreed to subscribe in full for the Institutional Placement
 - Shareholders will not receive any proceeds for entitlements not taken up

Overview of the Recapitalisation Plan (cont.)

- Participation by AJL's largest shareholder - Kerogen - of up to \$85.3mm
 - Kerogen has confirmed its intention to take up its full pro-rata entitlement in the Entitlement Offer of circa \$61mm
 - Kerogen has also entered into an Underwriting Agreement with AJL under which it has agreed to underwrite any shortfall arising from the Institutional Entitlement Offer, excluding pre-commitments obtained from other existing institutional shareholders
 - This Underwriting Agreement is for up to a maximum of 20.3mm shares or \$24.3mm
 - Eligible institutional shareholders and institutional investors can also apply for any shortfall arising from the Institutional Entitlement Offer which would cause Kerogen's holding to exceed 49.99%
 - Settlement of the Kerogen subscription will occur across both the Institutional Offer and Retail Offer so it does not cause Kerogen's shareholding to exceed 49.99%
 - Kerogen will not be paid any fees for either its commitment or entering into its Underwriting Agreement
- Kerogen has the right to nominate, while it holds more than 30% of the issued capital of AJL, 2 directors to the AJL Board
- Kerogen currently holds a 44.3% shareholding in AJL. As a result of the Entitlement Offer, this shareholding could increase to a maximum of 49.99%, but this level may be reduced by:
 - The number of entitlements taken up by shareholders under the Institutional Entitlement Offer who have not pre-committed, if any
 - The ability of other institutional shareholders and institutional investors to apply for shares under any shortfall arising under the Institutional Entitlement Offer
- AJL has also agreed with Kerogen that it will not raise capital in the next 12 months unless via way of pro-rata offer to all shareholders
- Kerogen's underwriting uses a substantial part of Kerogen's current capacity to "creep" to 50.88% of AJL

Overview of the Recapitalisation Plan (cont.)

- Retail Entitlement Offer
 - Proceeds raised under the Retail Entitlement Offer – approximately \$32.5mm
 - Retail shareholders have the ability to apply for shares in excess of their entitlement
 - A select number of institutional investors (excluding Kerogen) have agreed to subscribe in full for any shortfall arising under the Retail Entitlement Offer and will receive a 1.5% commitment fee
 - Priority allocation of any shortfall arising from the Retail Entitlement Offer will be given to Belbay Investments Pty Ltd (“Belbay”) of up to approximately 18.6 million shares
 - Belbay currently owns approximately 2% of Lucas and has agreed to subscribe for its pro rata entitlement under the Institutional Entitlement Offer and also to subscribe for Institutional Placement shares
 - The maximum pro-forma shareholding Belbay could hold in Lucas is 10.1%, subject to take up in the Retail Entitlement Offer by AJL’s retail shareholders
 - Shareholders will not receive any proceeds for entitlements not taken up
- All shares issued under the Institutional Placement and Entitlement Offer will rank pari passu with existing shares



Kerogen Underwriting Agreement

AJL has entered into an underwriting agreement with Kerogen in relation to the institutional component of the Entitlement Offer (other than in respect of shares that institutional shareholders have pre-committed to take up as part of their entitlements) ('Underwriting Agreement').

Commission, fees and expenses

Kerogen will not be paid any fees for either its commitment or entering into the Underwriting Agreement.

Representations and warranties

In the Underwriting Agreement AJL provides the following representations and warranties to Kerogen:

- (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 Placement and Entitlement Offer and issue the new shares (including a waiver under Listing Rule 10.11 to permit the issue of new shares to Kerogen as an underwriter of the Institutional Entitlement Offer).

Indemnity

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

Termination events

Kerogen may terminate the Underwriting Agreement at any time where any term of the consent deed that it has entered into with AJL (which permits AJL to proceed with the Placement and Entitlement Offer) is breached by AJL or where a condition of that consent is not satisfied, is not capable of being satisfied or ceases to be satisfied.



Forecast Net Debt Position and Use of Proceeds

- AJL will use the proceeds of the Institutional Placement and Entitlement Offer to substantially reduce debt, support working capital requirements and pay for transaction fees associated with the Recapitalisation Plan
 - As part of debt retirement, the following will be repaid from proceeds of the Offer:
 - All of the ANZ facilities of approximately \$31.0mm
 - A minimum of approximately \$75.3mm of Kerogen's existing facility
- On completion of the Recapitalisation Plan and receipt of the proceeds from Centrica for the sale of the 6.25% interest in Bowland, AJL's forecast net debt position is expected to be approximately \$69.3m, reflecting full repayment of the ANZ facility and a substantial reduction of the Kerogen mezzanine facility
 - Net cash balance will be a minimum of \$9.0mm
- The final net cash balance and the amount of Kerogen facilities that will be repaid is subject to Kerogen's Underwriting Agreement and the take up from existing Institutional Investors under the Institutional Entitlement Offer
 - The final net cash balances and debt repayment will also be subject to final AUD:USD and AUD:GBP foreign rates on repayment

Relationship to recently announced debt facilities

- On 31 May 2013, AJL announced that it had entered into 2 new debt facilities:
 - Facility Agreement with Athena for US\$70mm (tranche 1 US\$55mm, tranche 2, US\$15mm)
 - Facility Agreement with Kerogen that is a restructure of three existing facilities with Kerogen and capitalisation of accrued interest
- Each facility requires AJL to issue warrants to Athena (up to 7% on fully diluted basis) and Kerogen (up to 2.75% on a fully diluted basis) if the Athena facility is drawn down
- No draw down under the Athena facility can occur unless shareholder approval is obtained for the facilities and conditions precedent are satisfied
 - EGM to obtain shareholder approval scheduled for mid to late July 2013
- Assuming successful completion of the Recapitalisation Plan, these facilities will not be needed and shareholder approval of the facilities at an EGM will not be sought
- As a consequence:
 - the Athena facility will not be drawn down
 - when Athena terminates the Athena facility (no later than 31 October 2014), a commitment fee will remain payable to Athena under the Athena facility to be funded out of the proceeds from the Offer
 - the new Kerogen facility will not come into effect
 - as neither facility will have been approved by shareholders, no new warrants will be issued to either Athena or Kerogen
- AJL intends in due course to refinance the residual Kerogen facility with a more cost effective debt facility
 - Kerogen facilities of up to a maximum of \$56mm with a maturity to January 2014 will remain outstanding post the Recapitalisation Plan
 - Kerogen has agreed to extend its outstanding facilities on amended terms to September 2014, subject to either ASX Waiver or AJL shareholder approval



Benefits of the Recapitalisation Plan

- Strengthens balance sheet
 - Recapitalisation will reduce AJL's pro-forma net debt position
 - Net debt expected to be reduced to \$69.3mm
 - No requirement to draw down under Athena facility
 - Interest expense significantly reduced
 - Improved overall cash and working capital position
- Provides financial flexibility
 - Current outstanding short term facilities paid in full
 - Provides ability for AJL to seek more favourable terms on remaining debt facilities
- Provides operational flexibility
 - AJL not expected to be required to contribute additional equity to Cuadrilla or Bowland until after the end of calendar year 2014
 - Enables AJL to pursue current and future growth opportunities
 - Will increase AJL's attractiveness to customers, enhancing AJL's ability to win future work in Engineering and Construction (**E&C**) activities
 - Improved balance sheet is expected to lead to an increased capability for AJL to provide bonds in support of project awards in the E&C and Drilling Divisions



Pro forma substantial shareholders

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

Shareholders	Current shareholding (mm)	Share %	Maximum pro-forma shareholding (mm)	Share %
Kerogen Investments No.1 (HK) Limited	63.5mm	44.3%	133.7mm	49.99%
Andial Holdings Pty Limited	17.5mm	12.2%	17.5mm	6.5%
Coupland Cardiff Asset Management LLP	14.8mm	10.3%	26.6mm	9.9%
Belbay Investments Pty Ltd	2.7mm	2.1%	27.0mm	10.1%

1. Maximums are as at completion of the Retail Offer. Final figures may be lower than this.
2. Settlement of the Kerogen subscription will occur across both the Institutional Offer and Retail Offer so it does not cause Kerogen's shareholding to exceed 49.99%. Kerogen also holds 11.2mm unlisted options and currently has the capacity to creep to 50.88%
3. Andial has indicated it will not be subscribing for its entitlement under the Entitlement Offer. Andial has a relevant interest in 4.0mm shares held by Amalgamated Dairies and its associates which are included in the above figures for Andial. Amalgamated Dairies will be accelerated as part of the Institutional Offer
4. Final shareholding figures for Kerogen, Coupland and Belbay will be subject to the amount of entitlements taken up by shareholders under the Entitlement Offer and the ability of eligible shareholders and other investors to apply for shortfall shares

Indicative Timetable

Event	Date
Trading halt	Friday 14 June
Institutional Entitlement Offer and Placement	After market Thursday 13 June to Friday 14 June
Shares recommence trading on ASX on an ex entitlement basis	Monday, 17 June
Record date for eligibility in the Entitlement Offer (7.00 pm)	Wednesday, 19 June
Retail Entitlement Offer opens	Monday, 24 June
Retail Offer Booklet dispatched to Eligible Retail Shareholders	Monday, 24 June
Normal trading of New Shares issued under Institutional Entitlement Offer and Placement expected to commence on ASX	Thursday, 27 June
Retail Entitlement Offer closes	Wednesday, 3 July
Normal trading of New Shares issued under Retail Entitlement Offer and partial underwriting	Wednesday, 17 July

1. This timetable is indicative only and subject to change at discretion of ALL

2. Settlement of the Kerogen subscription will occur across both the Institutional Offer and Retail Offer so it does not cause Kerogen's shareholding at any time to exceed 49.99%

A grayscale photograph of an industrial facility, likely a power plant, with large structures, pipes, and a crane. A semi-truck with a tank trailer is visible in the foreground on the right. The sky is cloudy.

Trading Update, Guidance and Forward Program

2013 Trading Update

- **Drilling**
 - Trading environment remains challenging, reflecting soft market conditions for major coal mining companies and impact on mining services sector
 - In response, business has been restructured to reduce cost base
- **E&C**
 - Exiting general contracting activities and refocusing on pipelines and related infrastructure, gathering systems, HDD and micro trenching / trenchless technology
 - Trading environment in engineering contracting based activities has been less impacted than general contracting activity, due to the long term nature of the underlying infrastructure projects, including government-led investment in water infrastructure and ongoing investment in pipelines and field infrastructure by the Queensland LNG project developers
- **Consolidated position**
 - FY2013 Reported EBITDA loss is projected to approximately \$20mm
 - FY2013 Underlying EBITDA is projected to be approximately \$1.5mm

2014 Guidance

- **Drilling**
 - Trading environment expected to remain challenging due to downturn in the coal industry and impact on mining services sector
 - Capital expenditure to be minimised and margins maintained by further reducing operating costs
- **E&C**
 - Focus on pipelines and related infrastructure, gathering systems, HDD and micro trenching / trenchless technology , with peripheral activities exited
 - EBITDA projections assume new contracts with revenue to AJL of approximately \$75mm will be won, including 3 of which are currently being exclusively negotiated and are expected to be awarded June 2013
- **Consolidated position**
 - FY2014 Reported EBITDA is projected to be \$20mm to \$23mm
 - FY2014 Underlying EBITDA is projected to be \$26mm to \$29mm
 - It is assumed that legal and refinancing costs return to normal levels together with costs associated with redundancies, and that poorly performing legacy contracts complete in FY14. Corporate overheads are expected to be further reduced post refinancing
- **Board review**
 - The AJL Board will undertake a review of both the Board's current composition and corporate governance
 - It is expected that new directors will be appointed and that the roles of Chairman and CEO will be separated as an outcome of this review



Current Forward Program for Cuadrilla

- Post completion of the sale of part of the Bowland interest to Centrica:
 - Cuadrilla and AJL will benefit from a GBP45mm free carry at Bowland
 - As a shareholder Cuadrilla, AJL will have the benefit of Cuadrilla's GBP30mm cash to fund additional non-Bowland exploration and development
 - Separately, AJL will have to fund its own direct 25% share of activities on its share of acreage in the Bolney project
- Bowland capital works program:
 - CY2013: flow test 2 horizontal wells (Grange Hill, Beconsall); drill 1-2 stratigraphic wells; planning for 8 well sites
 - CY2014: drill and frack at least 2 wells (sited from 3D seismic)
- Bolney capital works program:
 - CY2013: drill Balcombe-2 well (oil target) – spud shortly and flow test by September. Objective is to determine if oil within Micrite formation will flow without hydraulic stimulation
- Netherlands capital works program:
 - CY2014: Drill first well (oil, gas and tight gas target), subject to permission to restart unconventional exploration
- Poland capital works program:
 - CY2013: shoot and analyse 2D and 3D seismic data
 - CY2014: drill first well
- All capital works programs are subject to regulatory, environmental and other necessary approvals including final Cuadrilla board approval

A grayscale photograph of an industrial facility at night. In the foreground, there are various pipes, valves, and structural elements. In the background, a large crane or derrick is illuminated by bright lights, and a large storage tank with the word "COLUMBIA" on it is visible. The sky is dark with some clouds.

Key Risks and Other

Key Risks

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 Institutional Placement and 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

1. Specific risks relating to investing in the Offer Shares

1.1 Market Conditions

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.

1.2 Liquidity

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. Liquidity in AJL shares has typically been low and there can be no assurance that liquidity will improve.

1.3 Future issue of securities of AJL

While AJL anticipates that the Recapitalisation Plan will substantially reduce its debt and meet its funding needs to sustain its investment in Cuadrilla and for the Bowland and Bolney Projects until after CY2014, this will depend upon the full Recapitalisation Plan being completed and AJL's ability to generate income from its operations. Accordingly, it is possible that AJL may require further financing in addition to the amounts raised under the Offer and other elements of the Recapitalisation Plan. 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. (See also Slide 19 - Forward Program for Cuadrilla)

A condition of Kerogen's consent is that any equity raising at AJL over the next 12 months must be way of pro-rata offer.

Key Risks

1. Specific risks relating to investing in the Offer Shares

1.4 ANZ senior facilities

The failure by AJL to complete the Offer and repay the Senior Facilities could lead to enforcement or other actions which could have a material adverse effect on AJL's business, prospects or financial condition. The existing default under the Senior Facilities has also resulted in a default in the current Kerogen mezzanine facilities.

ANZ is able to call its Senior Facilities at any time, and Kerogen is able to call its mezzanine facilities at any time, although each has not yet done so. For the alternative Athena Facility announced to the market on 31 May 2013, ANZ agreed to extend the maturity date of the Senior Facilities to 26 July 2013 conditional on payment of an extension fee, shareholder approval of the resolutions relating to the Athena Facility (including a restructuring of the Kerogen facilities) and AJL taking certain steps to progress that proposal. As a result of the Recapitalisation Plan, that proposal is unlikely to proceed to shareholder approval. However, it is intended that, the Senior Facilities will be repaid in full from the proceeds of the Offer.

1.5 Not drawing down under Athena Facility

If the Athena facility is not drawn down, the obligation to pay the commitment fee may be accelerated and there is a risk that, should the Offer not complete or if cornerstone commitments default, the alternative finance is unlikely to continue to be available. Note that the Offer is not fully underwritten and, while cornerstone commitments have been made to cover (together with the partial underwriting) any anticipated shortfall, there is no settlement support for the cornerstone commitments. Any default would reduce funds available for future funding and to pay down debt.

1.6 ATO liabilities

As at 31 May 2013, the amount owing to the ATO was approximately \$25.7 million in current tax payable and approximately \$14.0 million in accrued general interest charges. AJL has entered into a payment arrangement with the ATO to repay this amount in agreed instalments over 4 years.

Under the payment arrangement, if AJL raises capital, it may be required to pay part of the proceeds to the ATO against the total liability.

While AJL considers that risk in relation to the ATO liabilities will be significantly reduced by the Recapitalisation Plan, 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

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

2.1 Commercial, financial and operational risks

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.

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;
- certain public infrastructure alliance contracts contain provisions permitting the project sponsor to change, curtail or cancel the project;
- 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.

2.2 Resources sector risks

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, 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 commitments.

Key Risks

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

2.3 Counterparty (client) payment risk

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.

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.

2.4 Project based sales revenue

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.

Key Risks

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

2.5 Project delays

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.

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.

2.6 Cost variation

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.

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.

2.7 Unapproved contract variation

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.

To the extent that AJL recovers less than expected on the variations, its financial performance may be materially adversely impacted.

Key Risks

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

2.8 Additional Funding Requirements and Financing Risk

Even if the Recapitalisation Plan (including the Offer) is completed, depending on AJL's capital requirements in relation to Cuadrilla and the Bowland shale prospect, AJL may have to undertake further capital management initiatives. It is not expected that any such capital management initiative would be required before CY2015, but this cannot be assured.

AJL sources capital from cash generated from its operations and, where necessary, from debt markets (including finance leases) and equity markets. There is no guarantee that debt or equity will be available on favourable terms for future requirements. An inability to obtain the necessary funding for the business or a material increase in the cost of funding through an increase in interest rates or changes in pricing of equity, may have a material adverse impact on AJL.

While the Offer and other elements of the Recapitalisation Plan are expected to substantially reduce AJL's debt, the Company's ability to service that reduced debt following the Offer 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.

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.

2.9 Material Contracts

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.

The termination of any drilling contracts could have a material adverse effect on AJL's revenue. AJL is seeking to incorporate and, in some cases, has incorporated, break fees into its drilling contracts in the event that such contracts are terminated for convenience.

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

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

2.10 Environmental

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.

There may be considerable resistance from significant sections of the public to AJL's exploration and development activities, particularly drilling and fracking undertaken by AJL, entities in which AJL has an interest (including Cuadrilla) and other companies, arising in connection with, for example:

- environmental sensitivities and concerns about pollution;
- concerns about the potential effects of fracking on aquifers; and
- concerns about the impact of drilling operations on landscapes.

The imposition of new environmental initiatives and regulations could include restrictions on AJL's ability, or the ability of an entity in which AJL has an interest (including Cuadrilla), to conduct certain operations such as fracking or the disposal of waste (including, but not limited to, produced water, drilling fluids and other wastes associated with the exploration, development or production of natural gas). Furthermore, new environmental regulations and permit requirements governing the withdrawal, storage and use of surface water or groundwater necessary for fracking of wells may also increase operating costs and delays, interruptions or termination of operations, the extent of which cannot be predicted.

Failure to comply with these laws and regulations may result in the imposition of administrative, civil or criminal penalties, the imposition of investigatory or remedial obligations and/or the issuance of injunctions limiting or preventing some or all of AJL's operations, as well as reputational damage.

There is also an inherent risk of incurring significant environmental costs and liabilities in the performance of AJL's operations, or the operations of an entity in which AJL has an interest, due to its handling of hydrocarbons, hazardous materials used in the drilling and completions processes (including chemicals used in the hydraulic fracturing process) and waste materials, as well as in connection with air emissions and waste water discharges related to the operations.

Key Risks

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

2.11 Environmental (cont.)

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 hydrocarbons or 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.

2.12 Natural disasters and seasonal weather conditions

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, 'take or pay' provisions and/or wet weather standby payments to mitigate risks associated with wet weather events, thereby reducing the impact on its revenue stream.

The impact (directly or indirectly) of events beyond AJL's control may adversely impact AJL's operational and financial performance.

2.13 Availability of skilled employees, equipment and resources

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's 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.

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

2.14 Reliance on Key Personnel

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 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.

2.15 Increased or new competition

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 its operating and financial performance. In addition, consolidation within the industries in which AJL operates is possible, which may adversely affect AJL's competitive position.

2.16 Reputation

The reputation of AJL may be adversely affected in a number of circumstances, including major breaches of workplace safety, litigation or accidents. Where such circumstances occur and become known in its markets, there is a risk that AJL's reputation as a reliable and safe provider may be damaged. In addition, as with any listed company, AJL's share price may be affected by market sentiment.

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

2.17 Labour disputes

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.

2.18 Litigation and legal risks

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 fully 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.

2.19 Occupational Health and Safety

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.

2. General risks relating to the investments of AJL

2.20 Regulatory risk

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 investors.

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.

The Netherlands

On 25 October 2011, a Court in Den Bosch, the Netherlands, ruled that the Boxtel town council should not have issued to Cuadrilla a temporary exemption to the zoning plan for exploratory shale gas drilling in the region and that the council should make a new decision taking the Court's ruling into account. This implies that a different procedure to the temporary exemption should apply. Cuadrilla, which is partnering Energie Beheer Netherlands, the oil and gas exploration and production company owned by the Dutch Government, had planned to commence drilling at this site in early 2012. Following the new procedure, which Cuadrilla is now following, the appropriate environmental assessment is being prepared. Cuadrilla is now awaiting the results of the independent study by the Ministry.

Key Risks

2. General risks relating to the investments of AJL (cont.)

2.21 Inability to meet exploration licence funding obligations

In addition to AJL's investment in Cuadrilla, AJL owns an 18.75% direct interest in English exploration licences PEDL 165 in the Bowland basin and a 25% direct interest in PEDL 244 in the Weald basin. Cuadrilla (through its wholly owned subsidiaries) owns the remaining 75% direct interest in PEDL 244 and 56.25% direct interest in PEDL 165 with Centrica owning the residual 25% direct interest in PEDL 165.

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. AJL has no control over the expenditure of Cuadrilla as operator. 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 interest in these licences by way of the forfeiture provisions under the joint operating agreements that govern the joint ventures.

2.22 Lucas Cuadrilla's inability to meet funding obligations

Under the Cuadrilla Shareholders Agreement, Lucas Cuadrilla may be called upon to make further capital contributions to Cuadrilla. While AJL believes that the Offer and other elements of the Recapitalisation Plan will permit it to meet any capital contributions for CY2014, if Lucas Cuadrilla is not able to meet its equity funding obligations in Cuadrilla during or after that time, it is likely that Lucas Cuadrilla's ownership in Cuadrilla would be diluted.

2.23 Cuadrilla funding

In the event that Cuadrilla is unable to raise funding, as required, from its shareholders or other sources, it may not be able to take the required actions to execute its development and exit strategies, either in part or at all. This may then affect the value of AJL's shareholding in Cuadrilla.

Key Risks

2. General risks relating to the investments of AJL (cont.)

2.24 Inability to recover unconventional hydrocarbons

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.

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 (other than on a small scale in the area covered by Cuadrilla's Hungarian licence). The data provided by the initial seismic appraisals, test drilling 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 that have been undertaken to date are insufficient, in both quantity and quality, to evaluate the likelihood of commercial recovery of unconventional hydrocarbons in these regions. 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. 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.

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.

Commercial extraction of hydrocarbons will also depend on installation of infrastructure which will require Cuadrilla to obtain additional regulatory approvals, which may include environmental permits.

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.

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.

2. General risks relating to the investments of AJL (cont.)

2.25 Cuadrilla Change of Control Event

The holding by Lucas Cuadrilla of shares in Cuadrilla is subject to the terms of the Cuadrilla Shareholder Agreement.

If there is a Change of Control and the new controller is not a qualifying transferee, then there is a risk that Lucas Cuadrilla may be forced to sell its shares in Cuadrilla to Riverstone. Kerogen currently has capacity to creep to 50.88%. Kerogen's underwriting of the Institutional Entitlement Offer will not cause its holding to exceed 49.99% of AJL. Kerogen holds 11,159,356 options in AJL.

2.26 Risks relating to the unconventional hydrocarbon sector

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.

These factors vary, but can include:

- the legal and regulatory regimes governing the production of shale energy are subject to change;
- energy exploration, especially in relation to unconventional resources such as shale gas, is speculative, capital intensive and can result in complete loss of capital; and
- a substantial or extended decline in gas prices may adversely affect AJL's business prospects, financial condition and results of operations.

2.27 Technical and other risks

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;
- prevention of access by reason of community unrest, outbreak of hostilities, inability to obtain consents and approvals; and
- AJL does not own the land on which it operates.

3. Risk Mitigation

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. These have previously been disclosed in AJL's Prospectus date 28 September 2012.

Foreign Jurisdictions

This document does not constitute an offer of Shares of AJL in any jurisdiction in which it would be unlawful. Offer Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand).

The Offer Shares in the Entitlement Offer are not being offered to the public in New Zealand other than to existing shareholders of AJL with registered addresses in New Zealand to whom the offer is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

Other than in the Entitlement Offer, Offer Shares may be offered and sold in New Zealand only to:

- persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
- persons who are each required to (i) pay a minimum subscription price of at least NZ\$500,000 for the securities before allotment or (ii) have previously paid a minimum subscription price of at least NZ\$500,000 for securities of AJL ("**initial securities**") in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this document.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (the "**Companies Ordinance**"), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "**SFO**"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Offer Shares have not been and will not be offered or sold in Hong Kong other than (i) to "**professional investors**" (as defined in the SFO) or (ii) in other circumstances that do not result in this document being a "**prospectus**" (as defined in the Companies Ordinance) or that do not constitute an offer to the public within the meaning of that ordinance.

Foreign Jurisdictions

Hong Kong (cont.)

No advertisement, invitation or document relating to the Offer Shares has been or will be issued, or has been or will be in the possession of any person for the purpose 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 Offer Shares that 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). No person allotted Offer Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

UK

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("**FSMA**")) has been published or is intended to be published in respect of the Offer Shares. This document is issued on a confidential basis to "**qualified investors**" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and these securities may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the 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 Offer 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 AJL.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("**FPO**"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "**relevant persons**"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.



Foreign Jurisdictions

No US offer

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. The Offer Shares have not been, and none of them will 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. Accordingly, the Offer Shares may not be taken up by, and the Offer Shares may not be offered or sold to, directly or indirectly, persons in the United States, unless they have been registered under the US Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable US state securities laws.

This document may not be released or distributed in the United States.

Glossary

Term	Meaning
\$	Australian dollars unless otherwise stated (converted at GBP1:AUD1.6189 as at 6 June 2013, where applicable)
AJL	AJ Lucas Group Limited
Bolney	An oil and gas project operated by Cuadrilla and located in the Weald Basin, West Sussex, England on the Bolney License
Bolney License	United Kingdom Onshore Petroleum Exploration and Development Licence PEDL 244 dated 1 September 2008 issued under the Petroleum Act 1998
Bowland	A gas project operated by Cuadrilla and located in the Bowland Basin, Lancashire, England on the Bowland License
Bowland License	United Kingdom Onshore Petroleum Exploration and Development Licence PEDL 165 dated 1 September 2008 issued under the Petroleum Act 1998
Centrica	Centrica plc
Cuadrilla	Cuadrilla Resources Limited
E&C	Engineering and Construction
Fracking	The procedure of creating fractures in rocks and rock formations by injecting fluid into cracks to force them further open
HDD	Horizontal Directional Drilling
Kerogen	Kerogen Investments No.1 (HK) Limited
Lucas Cuadrilla	Lucas Cuadrilla Pty Limited
Monument Prospect	Lands located in Trinity County, Texas, in which AJL has an indirect contractual interest in respect of oil and gas leaseholds
Reported EDITDA	Reported earnings before interest, tax, depreciation and amortization
Underlying EBITDA	Reported EBITDA adjusted for non-trading activities including: redundancies, refinancing costs, legacy project losses, equity accounted costs and share of Lucas Energy (UK) Limited overheads
TERP	Theoretical Ex-Rights Price (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: the actual price at which AJL's shares will trade immediately after the ex-date will depend on many factors and may not be equal to TERP



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NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Monday, 17 June 2013

Lucas successfully completes Institutional Equity Placement and Institutional Entitlement Offer

AJ Lucas Group Limited ("**Company**" or "**Lucas**") today announced the successful completion of an institutional equity placement ("**Placement**") and the institutional component of its 1-for-1.25 accelerated non-renounceable entitlement offer ("**Entitlement Offer**") of fully paid ordinary Lucas shares ("**New Shares**") at an offer price of \$1.20 per New Share ("**Offer Price**").

- Institutional entitlement offer successfully completed to raise gross proceeds of approximately \$103.8 million
- Approximately 80% take-up by eligible institutions
- Institutional Placement successfully completed, raising approximately \$11.1 million
- Retail entitlement offer opens on Monday, 24 June 2013 at the same Offer Price of \$1.20 per New Share

Completion of the Placement and institutional component of the entitlement offer ("**Institutional Entitlement Offer**") represent the first two stages of Lucas' proposed \$148.8 million equity raising, announced on Thursday, 13 June 2013.

The Institutional Entitlement Offer has raised gross proceeds of approximately \$103.8 million (subject to final shareholding reconciliations) and the Placement of approximately 9.26 million New Shares to institutional investors has raised approximately \$11.1 million.

The Institutional Entitlement Offer attracted strong demand from Lucas' institutional shareholders who took up approximately 80% of the New Shares available to them under the Institutional Entitlement Offer.

Lucas' largest shareholder, Kerogen Investments No.1 (HK) Limited ("**Kerogen**"), has supported the transaction and has subscribed in full for its entitlements under the Institutional Entitlement



Offer and also underwritten the shortfall from the Institutional Entitlement Offer, together amounting to approximately \$82.9 million of New Shares to be issued to Kerogen. As a result, Kerogen's shareholding in Lucas post the completion of the Entitlement Offer and Placement will be approximately 49.6% of fully paid ordinary Lucas shares on issue.

New Shares taken up under the Institutional Entitlement Offer are expected to be settled on Wednesday, 26 June 2013 and commence trading on ASX on Thursday, 27 June 2013.

Lucas shares are expected to resume trading on ASX from market open on Monday, 17 June 2013 on an ex-entitlement basis.

Retail Entitlement Offer

As a result of reconciliation of shareholder entitlements, the retail component of the Entitlement Offer ("**Retail Entitlement Offer**") is now expected to raise approximately \$33.9 million as opposed to the initially proposed \$32.5 million (as set out in the Investor Presentation dated 13 June 2013). The Retail Entitlement Offer will open on Monday, 24 June 2013 and close at 5.00pm (AEDT) on Wednesday, 3 July 2013.

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.

Further details about the Retail Entitlement Offer will be provided in the retail offer booklet, which Lucas expects to lodge with ASX on Monday, 24 June 2013 ("**Retail Offer Booklet**"). Eligible retail shareholders wishing to participate in the Retail Entitlement Offer should carefully read the Retail Offer Booklet and the accompanying personalised entitlement and acceptance form, which are expected to be despatched on or around Monday, 24 June 2013. Copies of the Retail Offer Booklet are also expected to be available on the ASX website and our website at <http://www.lucas.com.au/> from Monday, 24 June 2013.

Key dates for the Retail Entitlement Offer are provided in the Appendix to this announcement.

Shareholder enquiries

Retail shareholders who have questions relating to the Entitlement Offer should call the Lucas shareholder information line on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia) from 8.30am to 5.00pm AEDT Monday to Friday.

Further information in relation to the matters described in this announcement is set out in the Investor Presentation which was released by Lucas to ASX on 13 June 2013. The Investor



Presentation contains important information including important notices, key risks and key assumptions in relation to certain forward looking information.

For more information, contact:

Nicholas Swan
Company Secretary
AJ Lucas Group Limited
Ph: +61 2 9490 4127

Important information:

Nothing contained in this announcement constitutes investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the information and any action on the basis of that information.

This announcement 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 Lucas. 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 Lucas' proposed recapitalisation will be achieved. The forward looking statements are based on information available to Lucas as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), Lucas undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.



Appendix – Key Dates for the Entitlement Offer

Announcement of the Entitlement Offer and Institutional Entitlement Offer opens	Thursday, 13 June 2013
Institutional Entitlement Offer closes	Friday, 14 June 2013
Lucas shares recommence trading on ASX on an ex entitlement basis	Monday, 17 June 2013
Record date for eligibility in the Retail Entitlement Offer	7:00pm Wednesday, 19 June 2013
Retail Offer Booklet dispatched, Retail Entitlement Offer opens	Monday, 24 June 2013
Settlement of Institutional Entitlement Offer	Wednesday, 26 June 2013
Institutional Allotment & Quotation Date	Thursday, 27 June 2013
Retail Entitlement Offer closes	5:00pm Wednesday, 3 July 2013
Settlement of Retail Entitlement Offer	Friday, 12 July 2013
Allotment of shares under the Retail Entitlement Offer	Monday, 15 July 2013
Trading of New Shares issued under the Retail Entitlement Offer	Tuesday, 16 July 2013
Despatch of holding statements	Wednesday, 17 July 2013

The above timetable is indicative only and subject to change. Lucas reserves the right to amend any or all of these events or dates subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. In particular, Lucas reserves the right to extend the closing date, to accept late applications either generally or in particular cases, and to withdraw the Entitlement Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX.

Section 5

Important information

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, 24 June 2013 (other than the Offer Launch Announcement and the AJL Investor Presentation published on the ASX website on Thursday, 13 June 2013 and the Institutional Equity Placement and Institutional Offer Completion Announcement published on the ASX website on Monday, 17 June 2013). 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 Wednesday, 19 June 2013;
- 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 13 June 2013 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. In addition, where trustees of AJL's employee share plans hold shares on behalf of participants in those plans, the number of New Shares that are offered may need to increase to take account of the rounding referred to in Section 5.6. 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 Institutional Shareholders or Eligible Retail Shareholders, or persons claiming to be Eligible Institutional Shareholders or 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. In that case, AJL may, in its discretion, require the relevant shareholder to transfer excess New Shares to certain institutions who have given a pre-commitment to AJL to acquire shortfall shares at the Offer Price per New Share. If necessary, the relevant shareholder may need to transfer existing Shares held by them or to purchase additional Shares on-market to meet this obligation. The relevant shareholder will bear any and all losses caused by subscribing for New Shares in excess of their Retail Entitlement and any actions they are required to take in this regard.

By applying under the Retail Entitlement Offer, including pursuant to acquisitions of Retail Entitlements, those doing so irrevocably acknowledge and agree to do the above as required by AJL in its absolute discretion. Those applying acknowledge that there is no time limit on the ability of AJL to require any of the actions set out above.

5.5 No cooling off rights

Cooling off rights do not apply to an investment in 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.

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, including following acquisition of Entitlements on ASX or otherwise, 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. 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, 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 17 July 2013.

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 Tuesday, 16 July 2013.

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 17 July 2013.

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 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 Retail Entitlements, the New Shares and any Additional New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of AJL with registered addresses in New Zealand to whom the offer of New Shares and any Additional New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

This Retail Offer Booklet has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This Retail Offer Booklet is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

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.

5.14 ASX waivers

In order to conduct the Entitlement Offer, ASX has granted AJL waivers from ASX Listing Rules 3.20, 7.1, 7.40 and 10.11 subject to a number of customary conditions. The waivers also allow AJL to ignore, for the purposes of determining Entitlements, transactions occurring after the announcement of the trading halt in Shares (other than registrations of ASX Trade transactions which were effected before the announcement) (**post ex-date transactions**). Such transactions are to be ignored in determining holders and registered holders, and holdings and registered holdings, of existing Shares as at the Record Date, and references to such holders, registered holders, holdings and registered holdings are to be read accordingly. Therefore, if you have acquired Shares in a post ex-date transaction, you will not receive an Entitlement in respect of those Shares.

5.15 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.

5.16 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.

5.17 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.

5.18 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:

Computershare Investor Services Pty Limited
GPO Box 2987 Adelaide SA 5001, Australia

Corporate Directory

AJ Lucas Group Limited

ACN 060 309 104

Level 3

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 17 July 2013

AJL Share Registry

Computershare Investor Services Pty Limited

GPO Box 2987, Adelaide SA 5001, Australia

www-au.computershare.com



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394 Lane Cove Road
Macquarie Park NSW 2113
Locked Bag 2113
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T (02) 9490 4000
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www.lucas.com.au

24 June 2013

Dear Shareholder,

Updated Information – Retail Offer Booklet

Reference is made to the Retail Offer Booklet dated 24 June 2013 in relation to AJ Lucas Group Limited's (**AJL**) retail entitlement offer (**Retail Offer Booklet**).

Section 5 of the Retail Offer Booklet is to be amended by inserting the following two paragraphs after the second paragraph as follows:

As announced to the market on 17 June 2013, Elliot Advisors (HK) Limited has made certain allegations against AJL including in relation to AJL's obligations under the facility agreement with Athena Investments Holdings LLC. AJL is continuing to assess and explore these allegations and maintains that it will vigorously defend these allegations.

AJL has received a letter from Arnold Bloch Leibler dated 18 June 2013 on behalf of Gleneagle Securities (Aust) Pty Ltd (**Gleneagle**) regarding Gleneagle's alleged rights under a mandate letter dated 9 January 2013 (**Mandate Letter**) which was signed by AJL and Gleneagle in connection with AJL's capital raising as announced on 13 February 2013. AJL and Gleneagle are currently discussing Gleneagle's rights under the Mandate Letter.

Yours faithfully

A handwritten signature in black ink, appearing to read "Allan Campbell".

Allan Campbell
Chairman