



LUCAS

**AGM PRESENTATION
FINANCIAL YEAR 2020**



Online Attendees – Question Process



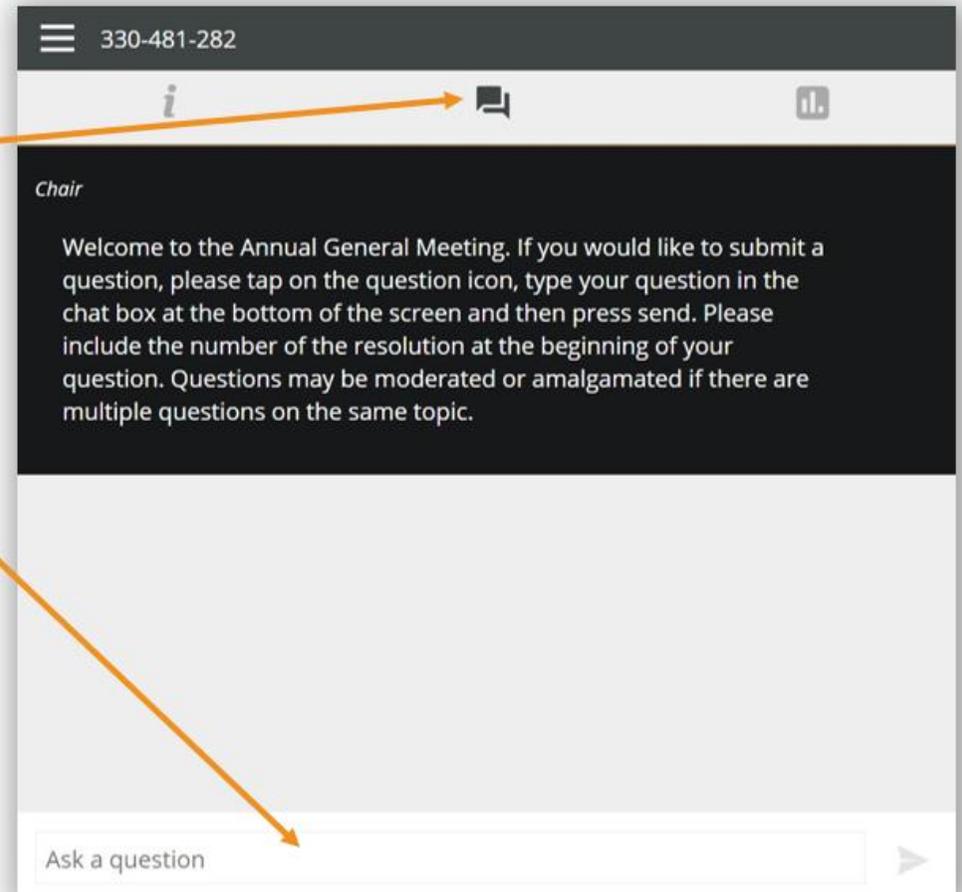
When the Question function is available, the Q&A icon will appear at the top of the app



To send in a question, click in the 'Ask a question' box, type your question and press the send arrow



Your question will be sent immediately for review



Online Attendees – Voting Process



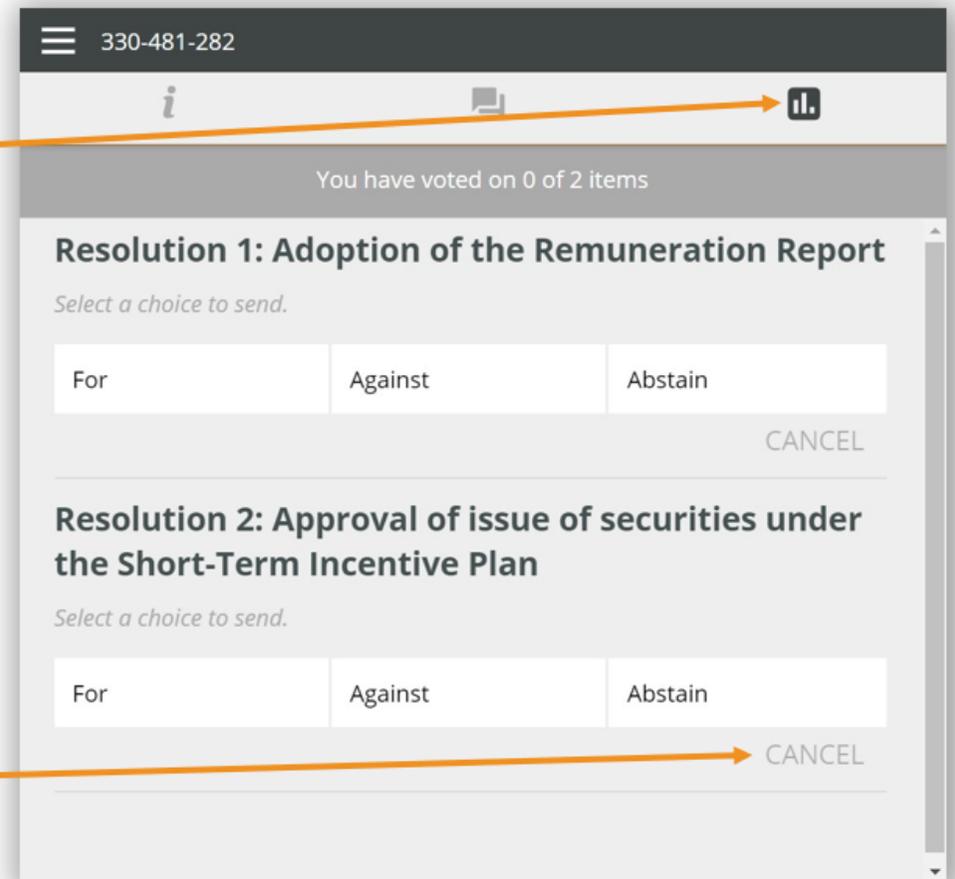
When the poll is open, the vote will be accessible by selecting the voting icon at the top of the screen



To vote simply select the direction in which you would like to cast your vote. The selected option will change colour

For	Against	Abstain
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There is no submit or send button, your selection is automatically recorded. You can change your mind or cancel your vote any time before the poll is closed



330-481-282

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You have voted on 0 of 2 items

Resolution 1: Adoption of the Remuneration Report
Select a choice to send.

For	Against	Abstain
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CANCEL

Resolution 2: Approval of issue of securities under the Short-Term Incentive Plan
Select a choice to send.

For	Against	Abstain
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CANCEL

Introductions



Andrew Purcell
Independent Director and Chairman



Brett Tredinnick
Group CEO and Executive Director



Austen Perrin
Non-executive Director

- Chairman of the Audit and Risk Committee



Francis Egan
Executive Director,
UK CEO



Julian Ball
Director

- Chairman of the Human Resources and Nomination Committee

Pre-recorded video

Chairman's' Address

Group CEO Address – Brett Tredinnick

UK CEO Address – Francis Egan

General Q&A

Formal Business Agenda:

- 1. Receive and Consider financial statements and reports**
- 2. Resolution 1: - Remuneration Report**
- 3. Resolutions 2-5: - Director re-elections**

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Pre-recorded video playing



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ANDREW PURCELL

- Chairman's address



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BRETT TREDINNICK

– CEO Address





AJ Lucas Group - Highlights

OPERATING BUSINESS UNIT

DRILLING SERVICES (LDS)

Major drilling services provider to the east coast Australian coal sector for mine degassing and exploration

Delivering intelligent and practical solutions to support Australian mining sector

INVESTMENT

OIL & GAS

Appraisal and commercialisation of hydrocarbons in the UK

One of the largest shale gas acreage positions in the UK



UNDERLYING LDS EBITDA

+14.6% (2019: \$24.4m)



UNDERLYING LDS EBITDA MARGIN

+2.1%



SAFETY RECORD

3.67 TRIFR at 30 June 2020



SAFETY RECORD

0 LTI's > 7 years



METRES DRILLED LAST FINANCIAL YEAR

569,500



INTEREST IN UK ACREAGE OF

>2,500 km²

Drilling operations

- Strong FY20 financial result with Underlying Earnings increasing 14.6% to \$27.9 million
- 20 year anniversary servicing Tier 1 clients
- Navigated Risk of COVID-19
- Positive outlook on metallurgical coal demand

Board and corporate

- Andrew Purcell, newly appointed Chairman
- Brett Tredinnick, newly appointed Group CEO
- Austen Perrin & Francis Egan, newly appointed to Board
- John O'Neill resigned

Oil and Gas

- Cuadrilla shareholding doubled to 96%
- UK operating costs and overhead significantly reduced
- PNR2 horizontal well partially fractured and flow tested – very high-quality natural gas flowed to surface
- Continuing to engage with Regulator on moratorium

Capital Management

- Debt refinancing completed in Oct 19, followed by capital raising completed in Dec 2019, improved the Company's balance sheet



Drilling Services - Overview

Safety ingrained in Lucas DNA

- Excellence safety record continues
 - FY20 TRIFR¹ of 3.67, well below mining industry average
 - FY20 LTIFR² of 0 for the 7th consecutive year

Continued strong financial result

- Revenue up 2% to \$147.7m
- Underlying EBITDA up 14% to \$27.9m
- Results would have been stronger had COVID 19 and key customer operational issues not impacted operations

Proven business model

- 41 multi purpose drill rigs supported by ~ 350 staff
- Continued focus on performance improvements
- Plant reinvestment of \$9.8m into the fleet
- Business initiatives including technology and innovation
 - Fleet addition of industry leading, multi purpose extended reach directional rig
 - Successful extended reach in seam drilling trials

Financial performance of Lucas Drilling Division (year ended 30 June)

	2015 \$'m	2016 \$'m	2017 \$'m	2018 \$'m	2019 \$'m	2020 \$'m
Revenue	83.5	79.6	73.4	124.7	143.4	146.7
Underlying EBITDA	6.2	11.4	2.7	19.7	24.4	27.9
EBITDA Margin	7.4%	14.3%	3.6%	15.8%	17%	19.1%

DIRECTIONAL DRILLING



	No. rigs	Avg depth (m)
PDI100 (Lateral)	2	3,100
DDI40 (Lateral)	2	2,500
Workover rig	1	400
Bore Guide Survey Tool	14	NA

5 RIGS

LARGE DIAMETER



	No. rigs	Avg depth (m)
Schramm 685	4	200-300
Schramm T130	3	500
G55 Drillmac	1	500
Schramm TXD	1	800
WEI	1	500
Soilmac	1	850

11 RIGS

EXPLORATION



	No. rigs	Avg depth (m)
UDR650	4	450
Sandvik DE810	6	450
Schramm T450	2	450
Deltabase 520/LP90D/UDR200/LF90	4	200
UDR1200/KWL1600	7	700
UDR1000	2	650

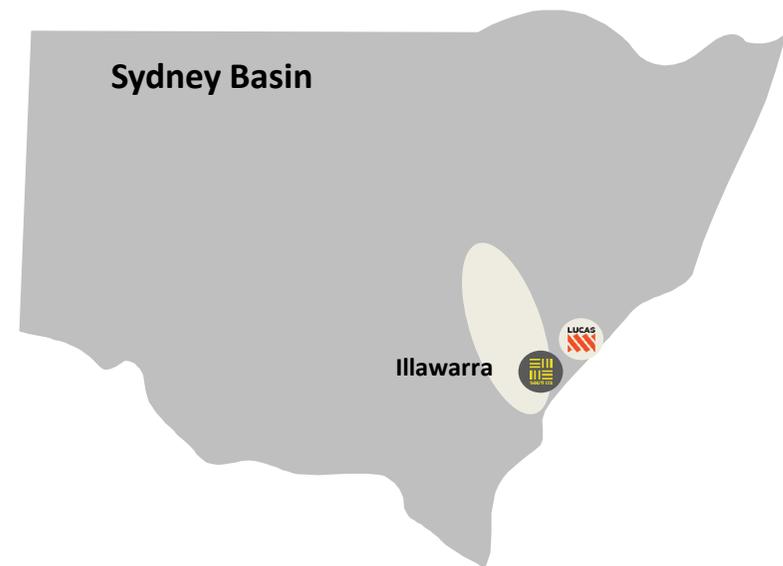
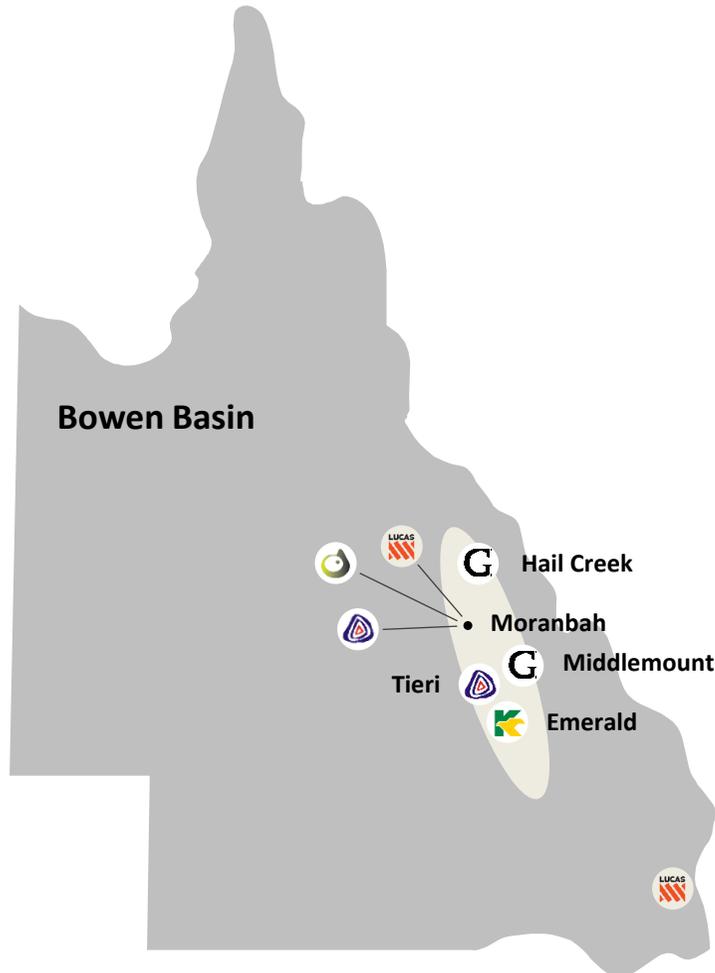
25 RIGS

¹ TRIFR denotes total recordable injury frequency rate

² LTIFR denotes lost time injury frequency rate

Drilling Services - Customers

“Lucas customers are low on the cash cost curve, all expected to produce steelmaking coal at <US\$100/tonne”





Drilling Services – Management

Brett Tredinnick

Group Chief Executive Officer

- 30 years' industry experience, including 3 years with Rio Tinto Coal and 9 years with the BHP.
- Qualified metallurgist with an MBA degree from the University of Queensland
- Membership of the Australian Institute of Company Directors
- 20 years at Lucas

David Ekster

Group Chief Financial Officer
(effective September 1st 20)

- 17 years' of experience across public practice, commerce and corporate restructuring in Australian and UK businesses which include Virgin Australia, Shell, Yahoo, EDF Energy, MFI and Talbot Hughes McKillop, as a qualified chartered accountant
- Previously Head of Finance in 2012, making him responsible for statutory financial and management reporting, working capital and treasury, financial systems, taxation, procurement and commercial
- 10 years at Lucas

Greg Runge

General Manager – Technical

- 20 years' of experience within engineering services, providing extensive technical, operational and field experience as an oilfield directional driller as well as a consulting engineer
- Holds a Bachelor of Petroleum from the UNSW, a Master of Commerce and an MBA from UQ
- 16 years at Lucas

Daniel Sweeting

General Manager – Operations

- 30 years' experience in the mining and infrastructure sectors, including time at Coffey Engineering Group and BAC systems
- Experienced project manager and has successfully delivered significant Pipeline and Drilling projects
- 18 years at Lucas

Chris Hill

General Manager – Plant

- Over 35 years experience with plant and equipment and 18 years tenure at Lucas.
- A qualified fitter and turner with post trade qualifications in diesel engineering and welding.
- 20 years at Lucas

Simon Archibald

General Manager – HSEQ

- 11 years' experience in the resources and energy sector and 8 years experience in workplace health and safety, Simon has held senior positions in drilling, pipelines and civil construction
- A qualified HSE professional with a focus on fostering a zero harm culture, implementing change and risk management
- 13 years at Lucas

Nicole McDonald

General Manager – People & Performance

- 20 years' experience in Human Resources and Industrial Relations across a diverse range of mining, energy and heavy industries
- Holds a Masters of Employment Relations and is highly experienced across a broad range of HR and IR functions
- 13 years at Lucas

Doug Henderson

General Manager – Business Development

- 14 years' industry experience, including senior executive roles in directional drilling, asset services, drilling operations and consultancy. Broad sector experience in Oil, Gas and Mineral resources.
 - Holds qualifications in leadership, instruments and downhole surveying
 - 7 years at Lucas
-



AJ Lucas Group - Capital Management

Debt

- In October 2019, AJL refinanced the OCP US\$ loan facility with two new lending parties (Refinanced Facility) for up to \$80m
- The Refinanced Facility:
 - AU\$ denominated
 - Investec, up to \$30m (Asset Based Lending (ABL) facility, matures in October 2022)
 - HSBC Group, \$50m (junior ranking loan note, matures in April 2023)
- The refinanced facility reduces:
 - AJL foreign currency risk as it is Australian dollar denominated
 - Debt servicing costs which are significantly lower
- As part of the refinancing with new lenders, Kerogen extended maturity of its facility to October 2023
 - Kerogen facility is subordinated and ranks behind the ABL and junior loan note facility

Equity

- Equity raised in November 2019 to support the remaining hydraulic fracturing and flow testing obligations and to deleverage the Balance Sheet
- Kerogen continues to support AJL by participating for its full pro rata entitlement of \$24.7m

PNR is a quality gas natural resource

- PNR2 horizontal well partially fractured and flow tested – high quality natural gas flowed to surface
- UK Govt moratorium on hydraulic fracturing in England announced in November 2019, post Aug 2019 seismic event of 2.9 ML at PNR2
- Regulator concluded it was not currently possible to accurately predict probability or magnitude of induced seismicity
- Equipment subsequently de-mobilized and PNR site placed into a minimum cost “care & maintenance” status.
- Cuadrilla running and overhead costs significantly reduced – 90% reduction FY21 Vs FY20
- Cuadrilla retains access to technical capability and data to help define appropriate technical work to address Regulator concerns

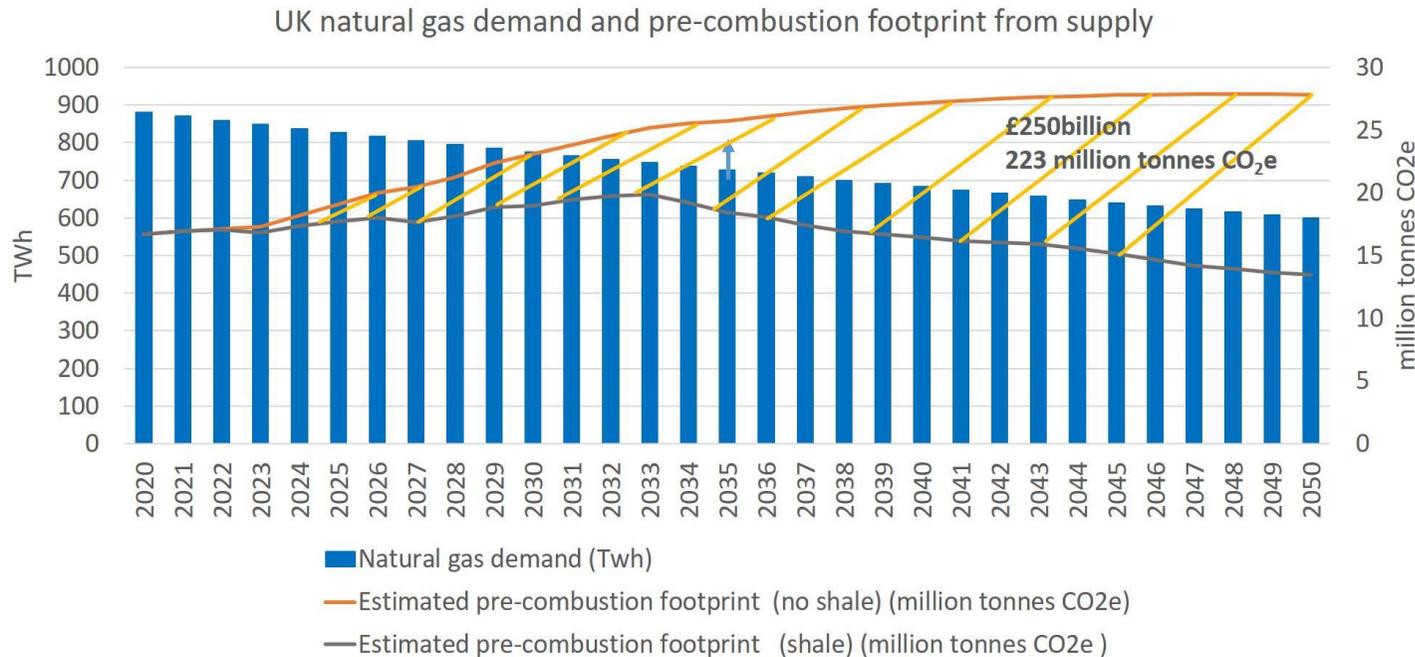


UK has legislated for “net zero” CO₂ by 2050

- UK Government & Climate Change committee recognize that gas will be a key component of “net zero” target
- UK net importer of gas, North Sea gas production declining
- Well positioned to respond to potential future re-evaluation of value of UK indigenous gas
- Participating in number of UK onshore conventional opportunities including potential flow test of Balcombe well operated by Angus Energy

Gained control of Cuadrilla

- Acquired Riverstone interest in Cuadrilla increasing ownership (from 48% to 96%)
- In July 2020, Spirit advises intention to exit 25% license for a nominal sum.
- AJL's effective interest in Bowland (PEDL 165 and EXL 269) will increase to almost 100%



The use of shale gas in this scenario represents a 50% reduction in natural gas imports

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QUESTIONS



Receive and consider

Directors and Financial reports

There is no vote on this item



Resolution 1: Adoption of Remuneration Report

PROXY VOTE TOTALS			
Vote Type	No. Voted	% Voted	% of all securities
For	927,605,477	96.79	77.54
Against	30,680,220	3.20	2.56
Open	67,950	0.01	0.01
Abstain / excluded	17,264,608	n/a	1.44



Resolution 2: Re-election of Andrew Purcell

PROXY VOTE TOTALS			
Vote Type	No. Voted	% Voted	% of all securities
For	957,449,917	98.19	80.04
Against	17,509,662	1.80	1.46
Open	67,950	0.01	0.01
Abstain / excluded	590,726	n/a	0.05



Resolution 3: Re-election of Brett Tredinnick

PROXY VOTE TOTALS			
Vote Type	No. Voted	% Voted	% of all securities
For	974,408,139	99.88	81.45
Against	1,078,220	0.11	0.09
Open	67,950	0.01	0.01
Abstain / excluded	63,946	n/a	0.01



Resolution 4: Re-election of Austen Perrin

PROXY VOTE TOTALS			
Vote Type	No. Voted	% Voted	% of all securities
For	959,711,046	98.37	80.22
Against	15,775,313	1.62	1.32
Open	67,950	0.01	0.01
Abstain / excluded	63,946	n/a	0.01



Resolution 5: Re-election of Francis Egan

PROXY VOTE TOTALS			
Vote Type	No. Voted	% Voted	% of all securities
For	974,278,139	99.86	81.44
Against	1,208,220	0.13	0.10
Open	67,950	0.01	0.01
Abstain / excluded	63,946	n/a	0.01



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