AJ Lucas Group Limited

Annual General Meeting
4 November 2010

Lucas Video

Click here to open link to video

Financial Performance

$M	FY10	FY09	Change
Revenue	358.5	499.2	(28%)
EBITDA (before minorities)	58.0	201.6	(71%)
EBIT (before minorities)	30.2	177.7	(83%)
EBIT Margin	8.4%	35.6%	
Interest (net)	(16.3)	(13.5)	
Minority Interest	(5.7)	0	
Tax	(15.3)	(61.0)	
Net profit after tax	(7.1)	103.2	(107%)
Earnings per share	(11.0)¢	156.1¢	(93)%
Dividend per share	5.5¢	10.5¢	-

$M	FY10	FY09
Reported EBITDA (before minority interest)	58.0	201.6
Profit on sale of ATP651/Gloucester Basin	(93.0)	(221.1)
Fair value remeasurements - Cuadrilla	(8.7)	-
Impairment of intangible assets - Texas Oil	30.8	56.6
Other impairments	8.3	-
Underlying EBITDA	**(4.6)**	**37.1**

- Margin erosion
  - R&M, weather, provisions
- Revenue - timing
  - Project delays $22M (recovered FY11)
- Improved Q4 performance EBITDA $16.7M

Awards and Accreditation

Winner of the 2010 APIA Safety Award In recognition of our achievements and our initiatives which improves the safety of the pipeline Industry and its personnel.

The Ethical investor award recognises the best companies, institutions and individuals who integrate environmental, social and governance (ESG) behaviour into Australia's corporate and investment culture.

AJ Lucas Operations Pty Ltd has been accredited under the Australian Government Building and Construction OHS Accreditation Scheme, which qualifies the company as a head contractor for federally funded building work.

Investments

Investments – Oil & Gas

Realised Investments

	Period of Ownership	Investment $M	Sale Proceeds $M	IRR %
Gloucester Basin	2002-2008	43.2	259.0	112
Sydney Gas	2007-2008	28.8	34.2	19
ATP 651	2003-2010	5.1	98.6	148
Arawn	2006-2010	7.9	_ *	0

* Investment Written Off

Current Investments

	First Date Invested	
Cuadrilla	2009	60.8
Monument Prospect, East Texas	2009	87.5

Investments – Oil & Gas

- Philosophy with oil and gas plays revolves around world demand for transportable liquids
- Hence all plays relate to either oil, liquids or elephant shale gas plays
- Unconventional plays with view to prove science, demonstrate methodology and early exit
- High risk, high return. Demonstrable track record in Australia
- Total amount invested: Australia $0.8M, USA $87.5M and Europe $60.8M
- Looking to commence realising/unlocking value

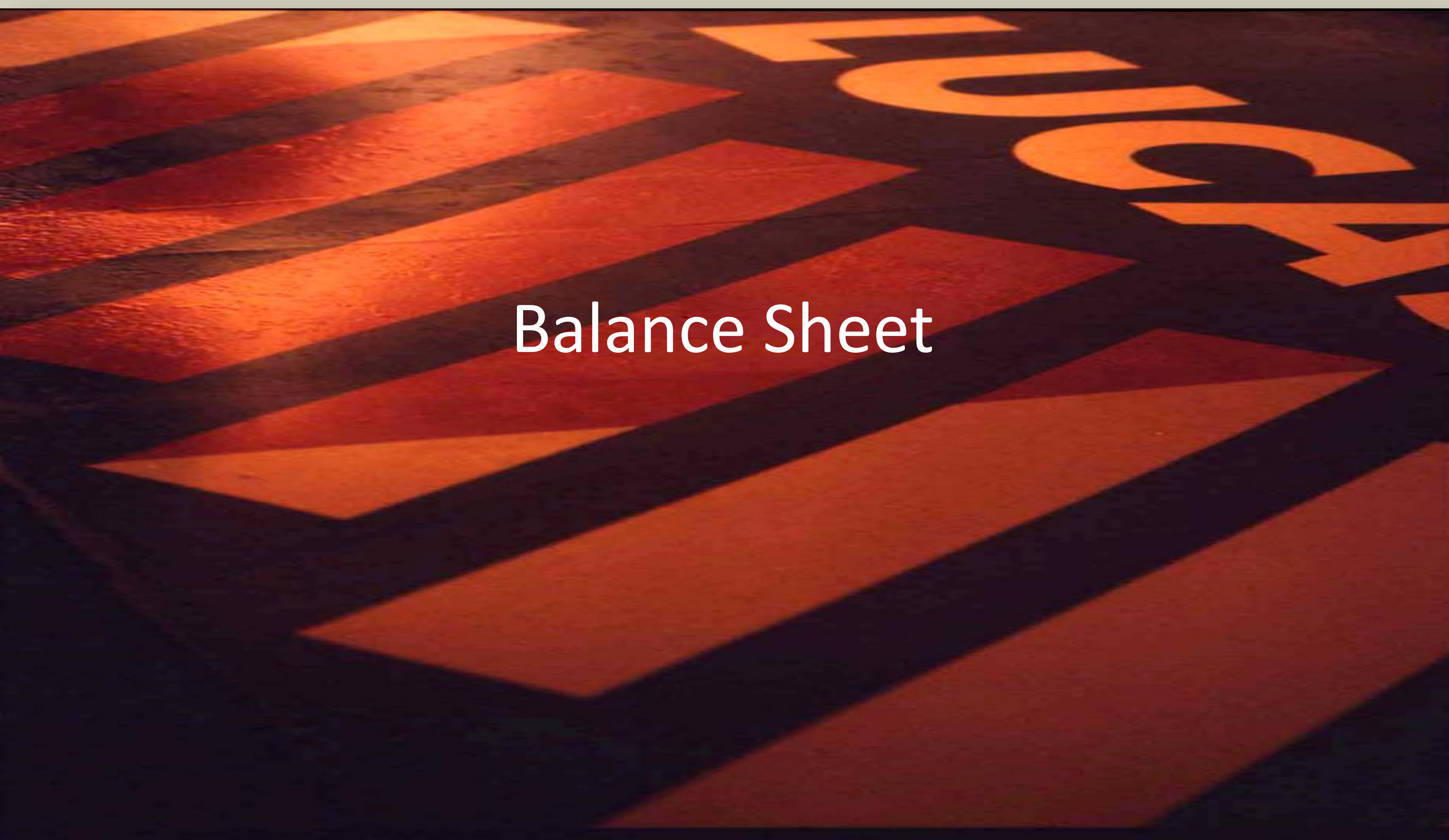
Investments – Oil & Gas

- Cuadrilla Resources (40.93%) – E&P junior in shale gas and liquids space in selected areas of Western Europe
  - Riverstone investment of $US58m in February 2010
  - Only fully integrated unconventional player in Europe
  - Proven management team with largest acreage position outside of majors
- 25% of Bowland and Bolney shale prospects with Cuadrilla (75%)
- 10% NPI in Monument Prospect, East Texas – oil and liquids play
- Other – including acreage in Canning Basin, WA

Cuadrilla – Preese Hall Site

Monument Prospect Location

- Located in Austin chalk midway between Eagle Ford and Haynesville shale prospects
- Acreage not previously drilled
- Successful wells drilled recently in close proximity
- Drilling permits obtained

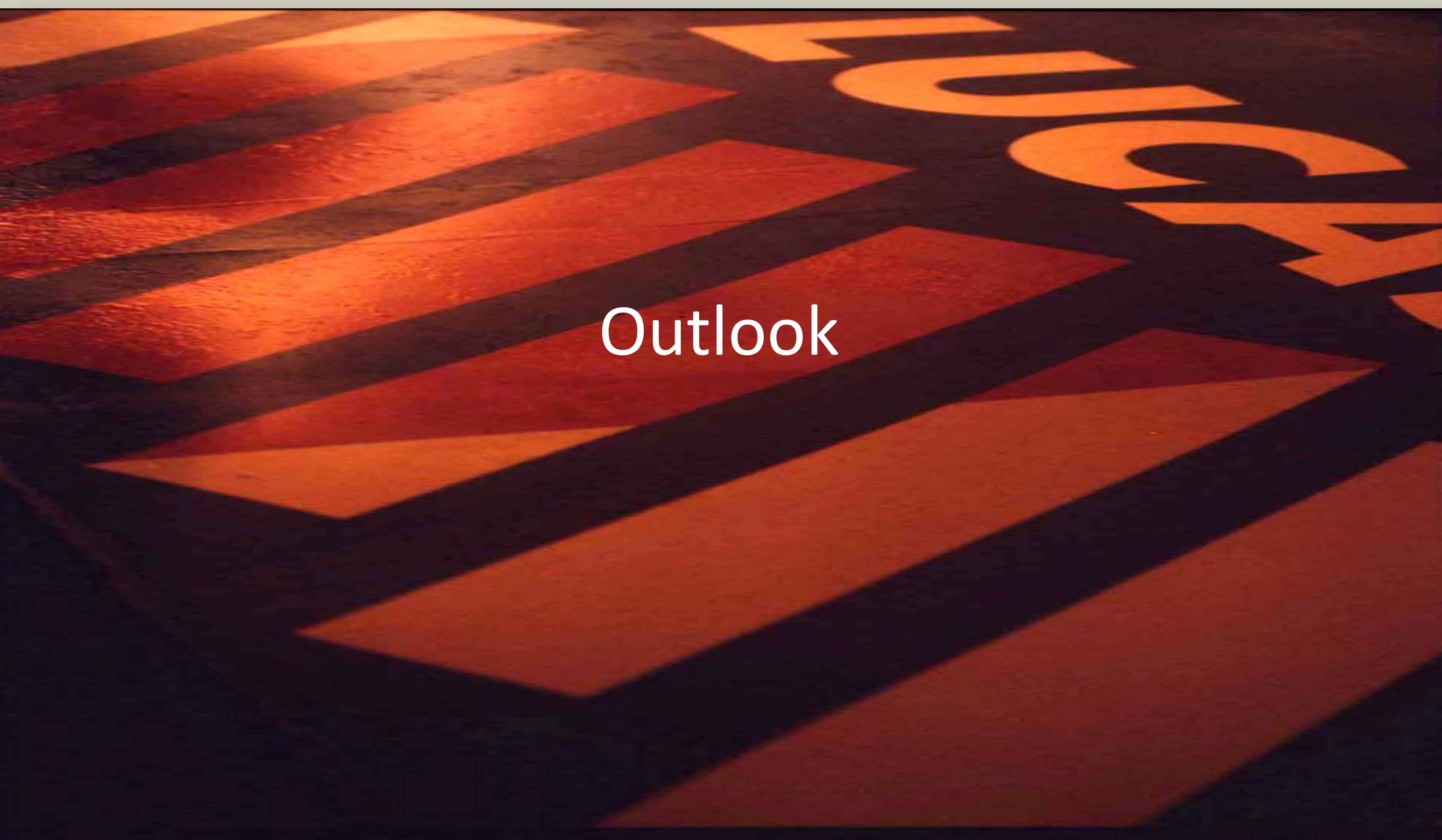


Balance Sheet

Balance Sheet

- Liquidity position affected by accounting standards
  - Monument County investment ($87.5 million) fully impaired
  - Redeemable Convertible Preference Shares ($43.6 million) shown as current
  - Tax Liability ($55.0 million) payable over 3 years shown as current
- Lease finance ($32.6 million) backed by long term contracts and assets with replacement cost in excess of $230 million
- Minimal conventional bank debt ($11.4 million)
- Covenant compliance at 30 June 2010; covenants renewed at 30 September 2010
- Undrawn additional bank facilities available
- Asset sales being pursued

Outlook



Outlook

- Prospects for drilling very good – coal, CSG, oil and gas
- Irrigation projects will commence 2011
- Resource projects gaining momentum
  - Infrastructure
  - Pipelines
  - Civil engineering
- QLD LNG export projects proceeding
  - Drilling
  - Gathering systems
  - Trunk lines
  - Civil infrastructure

- Uncertainty still remains across the market place – expect difficult trading conditions to persist in short term
- Skills shortage and available manpower when economy turns are real issues

Outlook

- Lucas to expand services offered within core sectors
- Recruitment underway to achieve this – BC&I new management
- Training and upskilling commenced – 3 year programme
- Systems and procedures – ERP/BPR commenced – go live 1 July 2011
- Key business associations – JV's, partnerships to deliver Business Plan
- Rejuvenation of board and management
- Projects will take longer to happen – finance still an issue
- Overregulation increasing cost and level of risk in doing business

Marais-Lucas Technologies

- Automated low impact trenching and pipe laying system
  - Telco
  - Water
  - Gas
- Installation speed is 5-10 fold over conventional trenching
- NBN – trial program completed in Tasmania
- Installation of new lighting adjacent to runway at Melbourne Airport

Lucas-Xtreme: Next Generation Rigs

Dual Purpose Rigs (Coil and Pipe)

- 50/50 JV with Xtreme Coil Drilling Corp
- Drilling cost savings estimated at 50% of conventional methods
- Well drill time reduced to 2 days (vs 3-5 days)
- Features:
    - Continuous coiled tubing with zero connections
    - Minimal risk of spillage or blowout as reduced number of joints
    - Constant fluid circulation reduces risk of drill bit getting stuck
    - Improved safety as automated pipe handling system
    - Minimal environmental foot print
    - Rig up and move time considerably reduced

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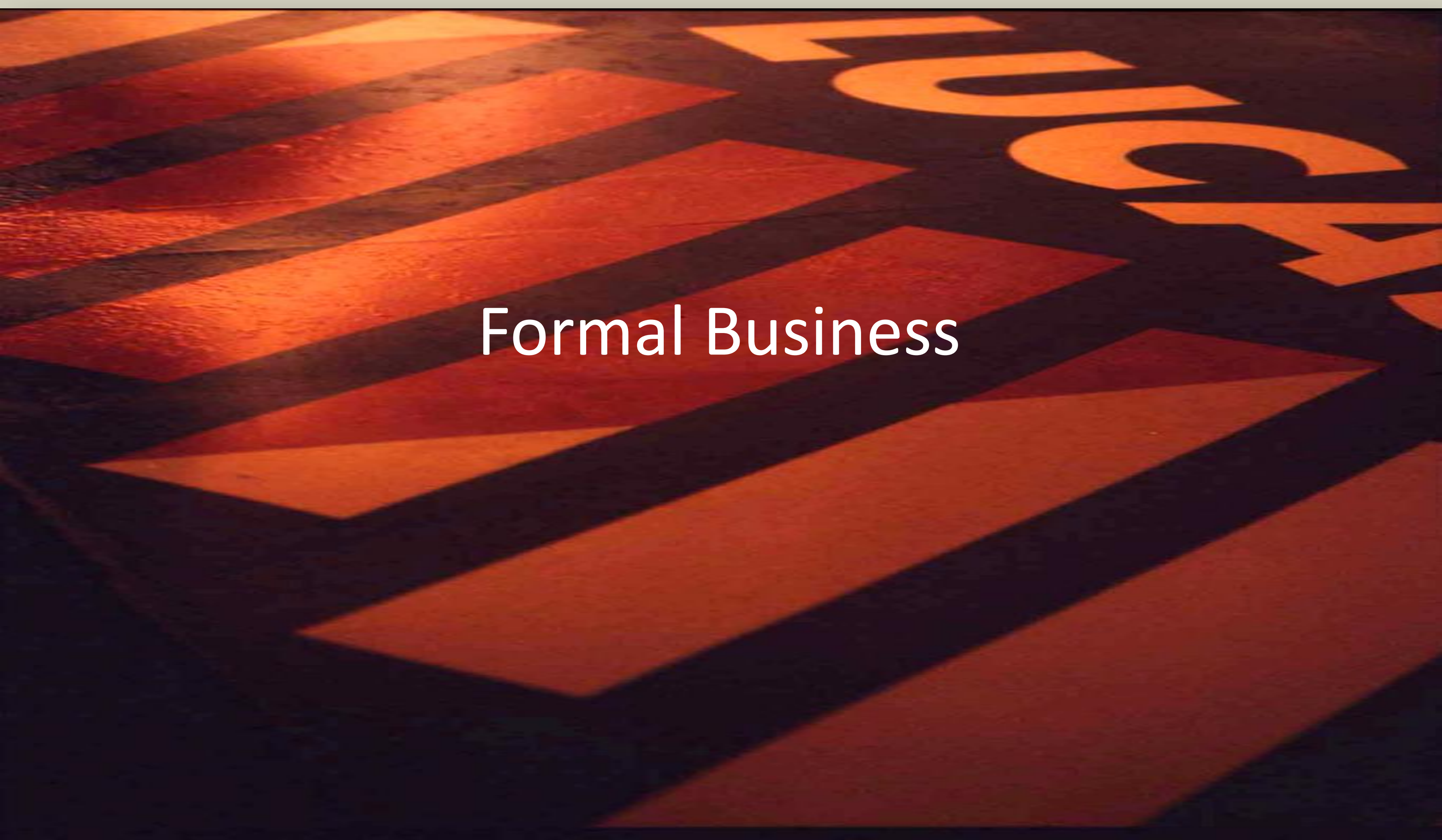

Formal Business

Resolution 1

Re-election of Martin Green as Director

	For	Against	Open	Abstain
Proxy votes	28,062,151	310,641	382,891	20,543
Percentage of valid votes	97.52%	1.08%	1.33%	0.07%

Resolution 2

Re-election of Michael McDermott as Director

	For	Against	Open	Abstain
Proxy votes	24,555,685	3,833,605	382,891	4,845
Percentage of valid votes	85.33%	13.32%	1.33%	0.02%

Resolution 3

Re-election of Phil Arnall as Director

	For	Against	Open	Abstain
Proxy votes	28,066,763	310,727	382,891	14,845
Percentage of valid votes	97.54%	1.08%	1.33%	0.05%

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Resolution 4

Re-election of Genelle Coghlan as Director

	For	Against	Open	Abstain
Proxy votes	28,075,763	308,727	382,891	7,845
Percentage of valid votes	97.57%	1.07%	1.33%	0.03%

Resolution 5

Adoption of Remuneration Report

	For	Against	Open	Abstain
Proxy votes	24,560,373	3,814,781	382,991	17,081
Percentage of valid votes	85.35%	13.26%	1.33%	0.06%

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