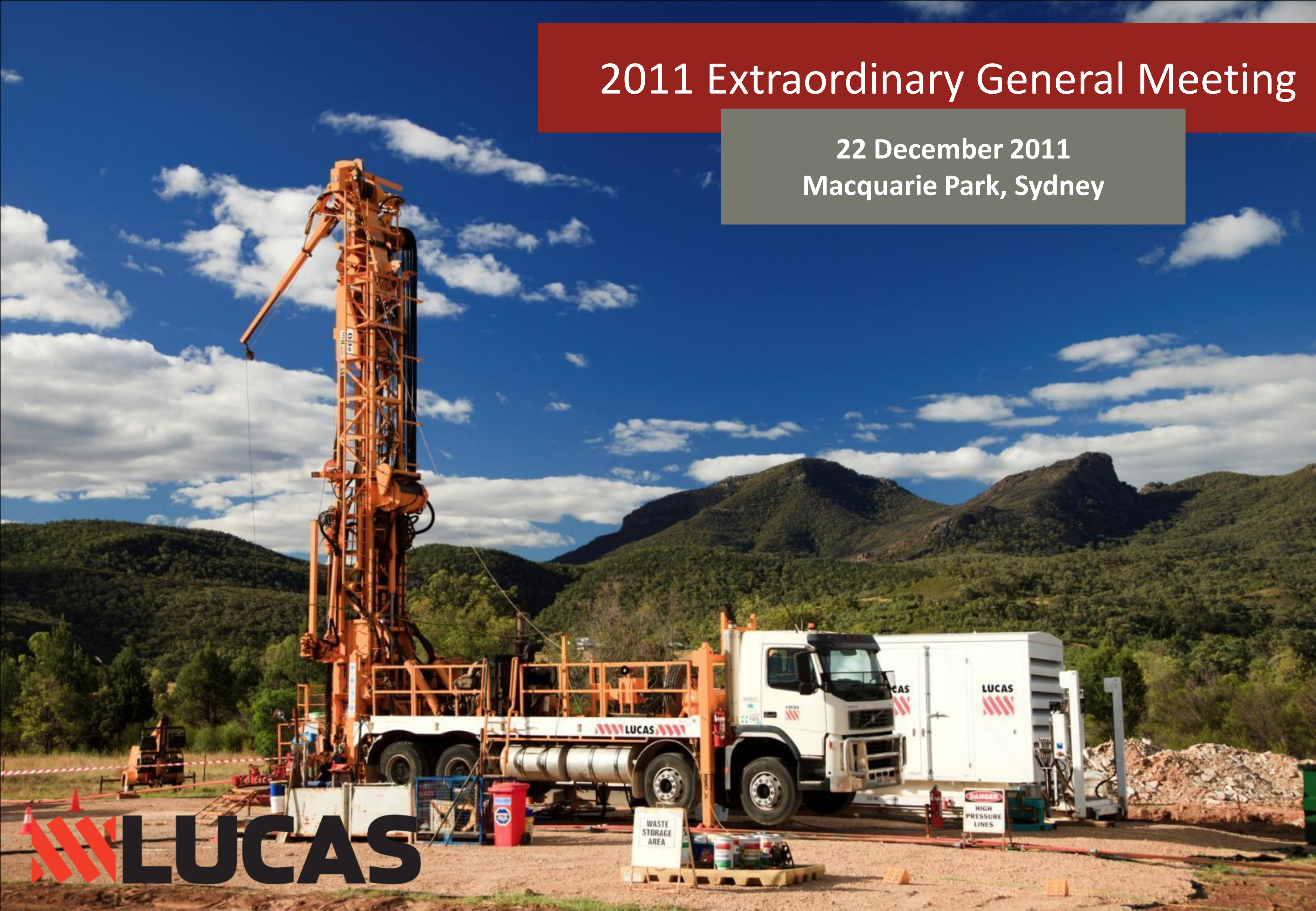
2011 Extraordinary General Meeting

22 December 2011
Macquarie Park, Sydney



LUCAS

Recapitalisation Plan

Recapitalisation Plan

- Placement of 15% of share capital @ $1.35/share to raise $13.4 million (completed September 2011)
- Two year $86.5 million mezzanine loan facility at an interest rate of 8.0% for first 12 months, increasing thereafter
- Underwritten non-renounceable one for two rights issue at $1.35/share to raise $51.3 million before costs
- Issue of 18,566,763 options to Kerogen equivalent to 14% of fully diluted share capital - subject to claw back if mezzanine loan early repayment



Effect of Recapitalisation

- Restores net working capital to surplus
- Repays amounts owing on RCPS and to ATO
- Substantially deleverages the Company – gearing ratio reduced from 51.1% to 38.2%
- Substantially reduces funding costs and improves cash flow
- Provides additional working capital to support growth
- Strengthens equity base to support increased financing capacity

Pro-Forma Historical Balance Sheet at 30 June 2011 (after Recapitalisation)

$'000	Statutory 30/06/11	Kerogen Placement	Cuadrilla Subscription	Mezzanine Loan	RCPS Buyback	Rights Issue	Repay ATO and ANZ	Pro-forma 2011
Current Assets								
Cash	1,348	13,389	(10,108)	85,000	(59,159)	48,219	(70,067)	8,622
Other assets	127,110	-	-	-	-	-		127,110
Total Current assets	128,458	13,389	(10,108)	85,000	(59,159)	48,219	(70,067)	135,732
Current Liabilities								
Trade and other payables	88,412	-	-	-	(9,465)	-	(13,888)	65,059
Interest-bearing Loans	99,745	-	-	14,704	(44,460)	-	(8,257)	61,732
Tax liabilities	47,922	-	-	-	-	-	(47,922)	-
Employee Benefits	7,031	-	-	-	-	-	-	7,031
Total Current Liabilities	243,110	-	-	14,704	(53,925)	-	(70,067)	133,822
Net current assets/liabilities	**(114,652)**	**13,389**	**(10,108)**	**70,296**	**(5,234)**	**48,219**	**-**	**1,910**
Non-current Assets	310,459	-	10,108	-	-	-	-	320,567
Non-current liabilities	19,924	-	-	70,296	-	(932)	-	89,288
Net assets	**175,883**	**13,389**	**-**	**-**	**(5,234)**	**49,151**	**-**	**233,189**

Resolutions

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Resolution 1: Selective Buy Back of RCPS

“That the Company approve the selective share buy back of 450,000 redeemable convertible preference shares (RCPS) at the conversion amount (calculated in accordance with clause 4.4(b) of the RCPS terms) per RCPS in accordance with section 257D(1) of the Corporations Act 2001 (Cth) and the terms of issue of the RCPS, conditional on Resolutions 2 and 3 being passed by the requisite majority”

FOR	48,719,858	98.81%
OPEN	264,615	0.54%
AGAINST	319,822	0.65%
ABSTAIN	40,670	N/A

Resolution 2: Approval of issue of options to Fund

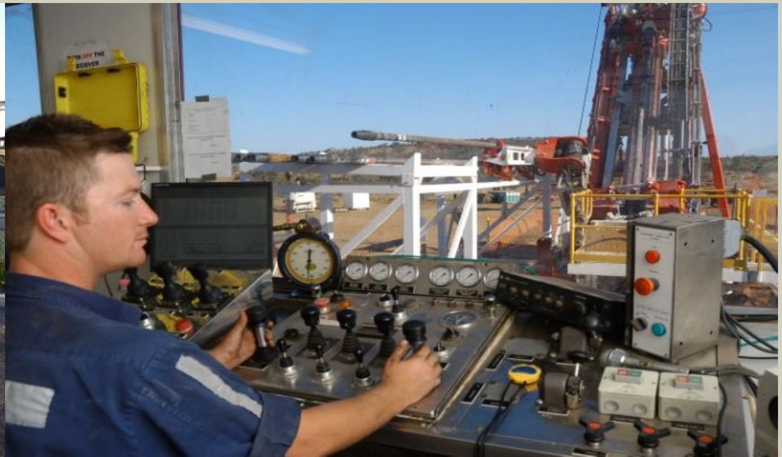
"That the issue by the Company of a total of 1,000,000 options over ordinary shares in the Company for an issue price of $0.01 and with an exercise price for each share of $2.13, to certain funds managed by Goldman Sachs & Partners Australia PIA (Management) Pty Ltd be approved for the purpose of ASX Listing Rule 7.1, conditional on Resolution 1 and 3 being passed by the requisite majority"

FOR	38,168,218	96.92%
OPEN	264,615	0.67%
AGAINST	950,275	2.41%
ABSTAIN	44,207	N/A

Resolution 3: Approval of issue of options to Kerogen

"That the issue by the Company to Kerogen Investments No.1 (HK) Limited of 18,566,763 options over unissued ordinary shares in the Company at an exercise price per share of the lower of a 20% premium to the 5 day VWAP of the shares on the ASX to be calculated on the date which immediately precedes the date on which the notice to exercise the Kerogen options is issued and $1.70, but subject to a minimum price of $1.35 per Share, be approved for the purposes of ASX LR 7.1, conditional on Resolutions 1 and 2 being passed by the requisite majority"

FOR	38,760,956	98.44%
OPEN	261,615	0.66%
AGAINST	353,537	0.90%
ABSTAIN	51,207	N/A



Resolution 4: Approval for Andial to sub-underwrite the Rights Issue

“That the subscription for shares by Andial Holdings Pty Ltd, and participation of Andial as a sub-underwriter of the Rights Issue, be approved for all purposes”

FOR	29,225,278	92.66%
OPEN	182,260	0.57%
AGAINST	2,135,973	6.77%
ABSTAIN	784,878	N/A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LUCAS SAFETY ZONE
Injury free. Every Day
You are entering a Lucas Safety Zone
· FIRST report to the Lucas site office
· NO petrol vehicles allowed on site without permission
· WEAR all issued PPE at all times whilst on site
· ATTEND the Daily Safety Meetings
· STOP and ASK if you're not sure
WE ARE PROUD OF OUR SAFE RIG