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ASX ANNOUNCEMENT

Entitlement Offer Underwriting Allocation Update

Further to the announcement earlier today regarding the scale back of the Entitlement Offer, Kerogen Investments No 1 (HK) Limited (**Kerogen**) has taken up the maximum number of shares provided for in its sub-underwriting agreement with Gleneagles Securities (Aust) Pty Limited (**Underwriter**), being 19,008,828 ordinary shares.

Other sub-underwriters have also subscribed for 740,741 ordinary shares.

Ivor Orchard, Kerogen's Chairman commented "While we are disappointed with the outcome of the entitlement offer, Kerogen remains supportive of AJ Lucas and its business strategy. We believe that the substantial recapitalisation will enable AJ Lucas to focus on the continued improvement of its underlying business operations for the benefit of all shareholders."

As noted above, Kerogen has subscribed in full for its sub-underwriting commitment under the rights issue, thereby taking its equity interest to 32.94% of the Company's issued share capital.

Through the combination of the placement, the mezzanine facility and the subscription to the entitlement offer, Kerogen has committed a total of approximately $132 million to the Company.

The Company is informed by Kerogen that FIRB had previously approved Kerogen's maximum interest in AJ Lucas at 40% (including its options received in conjunction with the mezzanine facility). In order for Kerogen to comply with its FIRB restrictions and still take up its maximum sub-underwriting commitment (given the reduced size of the entitlement offer), the Company has consented to the sale by Kerogen of 3,872,360 options in the Company to the Underwriter. Kerogen has rights under certain circumstances to buy-back the options sold to the Underwriter, subject to obtaining further FIRB approval. Those sold options (as well as 3,414,439 of the options retained by Kerogen) remain subject to the Company's cancellation rights, as described in section 6.6 of the Notice of Extraordinary General Meeting dated 18 November 2011.

The Company is continuing to assess its position in light of the shortfall in funds raised under the Entitlement Offer and its plans to deal with that shortfall, and will make an announcement regarding its proposed course of action once this has been determined.

For further information please contact:

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