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ASX ANNOUNCEMENT/MEDIA RELEASE

AJ LUCAS ANNOUNCES EQUITY RAISING

As advised to the market on 29 June 2012, AJ Lucas Group Limited (Lucas or Company) is pleased to announce that, as part of its ongoing recapitalisation, it has secured the support of existing strategic investors to undertake a $40 million equity raising (Equity Raising).

The capital raised will be used to meet short term cash calls to sustain its investments in Cuadrilla Resources and its directly held shale gas interests in Europe, for working capital and to continue the progressive repayment of the monies owing to the Australian Taxation Office.

The Equity Raising will be achieved by making $30 million of placements at $1.35 per share (Placement Price), the same price at which the recent rights offer was made on 15 December 2011, and through the exercise of options to raise a minimum of $10 million.

Kerogen Investments No.1 (HK) Limited (Kerogen), the Company's largest shareholder, has, subject to shareholder approval being obtained and other conditions being satisfied, agreed to subscribe to the $30 million placement. However, to the extent that either Inveraray Capital Pty Limited (an entity controlled by Mr Allan Campbell, the Company's Chairman and CEO) (Inveraray) subscribes for a placement of up to $10 million or alternatively, Inveraray and up to two third parties nominated by Inveraray and approved by Kerogen (Third Party Investors) subscribe for placements of up to $10 million in aggregate on terms acceptable to Kerogen, then the placement to Kerogen will be scaled back by the amount of their subscription.

To implement these transactions, the Company has today entered into two subscription agreements:

1. A Subscription Agreement with Kerogen (Kerogen Subscription Agreement), under which Kerogen has agreed:

    (a) to subscribe for 22,222,222 Shares at the Placement Price to raise $30 million, subject to the placement being scaled back by a maximum of $10 million (Kerogen Placement) to allow for the Inveraray Placement and/or Third Party Placements; and

    (b) to exercise 7,407,407 Kerogen Options to raise a minimum of $10 million (Placement Options Exercise); and

2. A Subscription Agreement with Inveraray under which Inveraray has the right itself (Inveraray Placement) or together with Third Party Investors (who are limited to subscribing for 3,703,704 Shares in total) (Third Party Placements) to subscribe for up to 7,407,407 Shares of the Kerogen Placement at the Placement Price to raise up to $10 million.

Depending on the amount subscribed by Inveraray and Third Party Investors, following completion of the Equity Raising, Kerogen will have voting power in the Company of between 42.30% and 47.88%, while Inveraray (and its Associates) will have voting power of between 13.36% and 18.94%.

The funds raised under the Equity Raising, after setting off against amounts owed by the Company to Kerogen under short term loans, will be used for the following purposes:

(a) to make reserves for, and for the payment of, capital calls in relation to Cuadrilla and fund further loans to or investments in Lucas Energy (UK) Limited to enable the Company to meet its capital needs for its directly held shale gas interests in Europe, in each case, as they fall due;

(b) for working capital for the drilling and BCI businesses; and

(c) the partial repayment of ATO liabilities.

The details of the Equity Raising and information required by ASX Listing Rule 3.10.3 are set out below:

- shares issued under the Equity Raising will be fully paid ordinary shares in the capital of the Company;
- shares under the Equity Raising will be issued at $1.35 per share, being a premium of 35% to the market price of Lucas' shares immediately before the date of this announcement on 31 July 2012;
- the shares to be issued under the Equity Raising will be made in two tranches comprising the Kerogen Placement (and if applicable, the Inveraray Placement and the Third Party Placements) and the Placement Option Exercise;
- the aggregate allotment of 22,222,222 million shares will be issued in the Kerogen Placement (and if applicable, the Inveraray Placement and the Third Party Placements), subject to shareholder approval at a meeting of shareholders to be held on 5 September 2012;
- the allotment of approximately 7,407,407 million shares will be issued in the Placement Option Exercise, subject to shareholder approval at a meeting of shareholders to be held on 5 September 2012;

- the purpose of the Equity Raising is set out above; and
- the Equity Raising is not being made to a specific class of security holders. As set out above, Kerogen will participate, and Inveraray and Third Party Investors may also participate, in the Equity Raising.

Commenting on the Equity Raising, Lucas' CEO Allan Campbell said:

> *"We are again particularly pleased to have Kerogen's support for this capital raising. Their confidence in the outlook for the company is demonstrated by their commitment to subscribe for the new equity at the same price as the recently completed rights issue."*

The notice of meeting together with the Explanatory Statement (including an Independent Expert's Report) setting out the background to the proposed transactions is expected to be despatched to shareholders on 7 August 2012.

For further information please contact:

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Company Secretary
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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 and coal seam gas industries. Other divisions provide construction and civil engineering services together with facilities management.

AJ Lucas is also a proven developer of unconventional hydrocarbon properties. Current investments include a 43% shareholding in Cuadrilla Resources, an exploration and production company focused on unconventional hydrocarbons, and a 25% direct interest in the Bowland and 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.