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LUCAS

AJ Lucas Group Limited

Cuadrilla Back on Track – February 2013

Executive Summary & Update

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The Company	• AJ Lucas Group Limited ("AJL" or the "Company")
Operational Business Units	• Drilling Services • Engineering and Construction ("E&C")
Upstream Investments	• Cuadrilla –European shale gas and liquids; 200 Tcf Gas In Place at Bowland • Monument Prospect – East Texas gas and liquids potential; fully impaired in the books • Canning Basin – Potential Liquids, seismic review and negotiations with traditional land owners ongoing
Status of Cuadrilla Negotiations	• Cuadrilla's negotiations with leading energy companies are at an advanced stage; definitive documents being finalised • Structured to allow a leading energy company to farm into the Bowland Project (i.e NOT the Cuadrilla holding company)
2013 Outlook	• Cuadrilla development is being "fast tracked" by management (within the conditions stipulated by the UK Government), and should achieve reserve certification in CY2013 • The first half of FY13 has been a challenging environment for the operating business due to global uncertainty however, improved business conditions indicate a stronger second half particularly for drilling • Completed an independent valuation of plant and equipment which valued the drilling assets of the Company at over $116m (fair market value), This will result in an impairment of approximately, subject to audit review, $13.6m to be included in the half year results which will be released at the end of February • This capital raising: – will improve the balance sheet which should positively impact E&C's ability to win work – should, together with the anticipated farm-in, meet AJL's requirements for capital through to reserves certification
Proposed Capital Raisings (see Appendix for Capital Structure)	• AJL is seeking capital for working capital and the funding of a Cuadrilla cash call • $16.5m is being raised via a placement to Sophisticated Investors at $1.55 • In addition AJL has received and is considering several proposals relating to a 3 year structured finance facility of up to $75m to provide the Company with sufficient capital for the next 24 months. Completion expected by the end of April 2013

Placement Timetable

(Subject to change without notice)

Trading Halt / Books Open	Monday 11 February 2013
Books Close	**5 pm** Monday 11 February 2013
Notifications of Allocations	Tuesday 12 February 2013
Return of Signed Confirmations	**5 pm** Tuesday 12 February 2013
Settlement	Friday 15February 2013

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Investment Highlights

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Cuadrilla

- AJL owns 44% of Cuadrilla Resources Limited ("Cuadrilla"), the UK's most advanced shale gas developer and owner of one Europe's largest independent shale acreage portfolios
- In addition AJL owns directly 25% of the Bowland Project (with the balance owned by Cuadrilla)
  - 58% effective net interest in Bowland (subject to terms of farm-in being negotiated)
- The Bowland Project:
  - The UK's largest and most advanced shale play.
  - 200 Tcf OGIP announced: Largest single gas accumulation in Europe
  - Fracking now able to proceed in the UK
  - Next major milestone is to achieve reserve certification - expected by the end of CY13
  - Strategically located on land near infrastructure (including pipelines)
  - Offers the UK a plausible solution to "plugging" the rapidly growing gas deficit (in 2005, for the first time in approx. 35 years, the UK became a net importer of gas)
  - Bowland shale, compared to known US shale fields is:
  - Significantly thicker, which should reduce extraction costs
  - Significantly more brittle, which should benefit flow rates
- Cuadrilla is currently negotiating a farm in to Bowland with a leading energy company:
  - Final agreement will be the result of a competitive process
  - A transaction will be indicative of independent arm's length early stage valuation of the asset
  - Introduces a large partner with industry credibility which will facilitate political support for the project and its commercialisation
  - Should substantially alleviate AJL's requirement to fund further development prior to reaching exit point
  - Still leaves AJL with a meaningful interest in the project (direct and indirect)
- AJL remains committed to its strategy of developing the asset to reserves certification at which point it can be sold and is hopeful that this can be achieved within 12-24 months

Operating Business

Drilling

- Largest drilling fleet servicing the coal and CSG sectors in Australia
- Leader in directional drilling and coal mine methane extraction
- Leveraged to a turnaround in the coal market
- Full service offering: technical consultancy, exploration, production, directional, well design, steering services, completion, surface infrastructure, civil and construction to coal and CSG sectors
- Proven and existing turnkey capability
- Diverse competencies / markets
- Critical mass of rig fleet and skilled personnel
- Presence in all major eastern seaboard resource areas
- Long term relationships with blue chip customers
- Demonstrable safety track record

E&C

- Specialist civil engineering expertise, particularly pipelines, horizontal directional drilling ("HDD") for services to the resources, energy and water sectors
- Long history of offering innovative "one stop" solutions for complex engineering and related specialist construction projects
- Australian leader in the fields of HDD and trenchless technologies
- Energy market now appearing to realign itself with strategy: emphasis shifting from balance sheet capability to engineering / field performance

A Diversified Infrastructure, Construction & Mining Services Group

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Operational Business Units

Drilling Services

- Largest drilling service provider to the coal sector in Australia
- Turnkey service, from conceptual well design, engineering and detailed cost estimates utilising its in-house engineering and steering services, through to various drilling methodologies required for the development of a gas field or a coal mine
- Services include Exploration and Development Drilling, CSG Production, Directional Drilling and Engineering and Well Services

Engineering and Construction

- Provides engineering and construction services to the resources (coal), energy, water and wastewater and public utilities sectors
- Specialist engineering and technical expertise offered via proprietary capabilities, alliances or joint ventures
- Client base of corporate and semi-governments with a significant amount of repeat business and strong long lasting relationships

Clients (Past and Present)

Coal	Coal Seam Gas	Civil & Building	Water & Waste Water	Oil and Gas Engineering	
• BHP Mitsubishi Alliance • Anglo Coal • BHP • Centennial • Xstrata • Rio Tinto	• Arrow Energy • AGL • Santos • Origin • QGC	• Hyundai • Sydney City Council • Sydney Aquarium • Aldi • Telstra • Water Corporation	• Queensland Government • Sydney Water • Hunter Water • Victoria Water • Brisbane Water • Water Corporation	• APA Group • Santos • Sinopec / CPP • Jemena • BP Australia • Origin	• Epic Energy • Shell • Woodside • Chevron • Caltex

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Successful Track Record of Delivering On Upstream Investments

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	Period of Ownership	Investment ($m)	Sale Proceeds ($m)	IRR
Realised Investments				
Gloucester Basin	2002-2008	26.4	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	Written off	0%
Current Investments				
Cuadrilla (1)	2008-Current	102.0		
Monument Prospect (2)	2009-Current	87.8		
Canning Basin	2009-Current	0.1		

1) Includes investment in Cuadrilla and direct 25% interest in Bowland and Bolney Prospects

2) This investment has been fully impaired in the Company's accounts, however, management is hopeful of being able to make a return on or recover some of this investment

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Group Performance and Outlook

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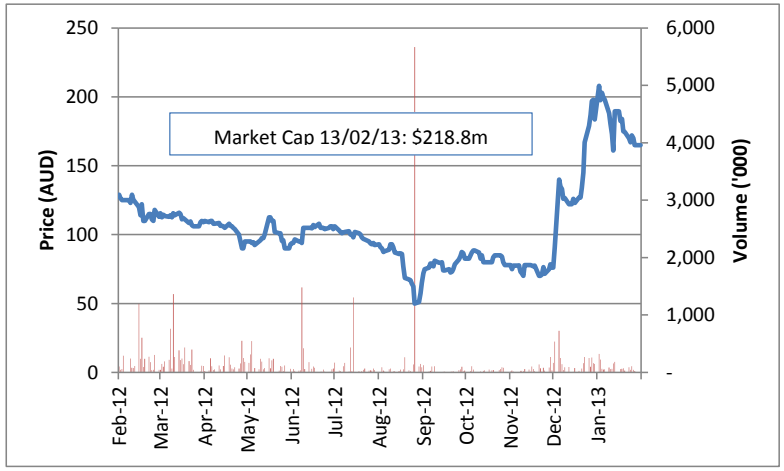
Recent Performance

- Difficult trading conditions and global uncertainty caused a significant reduction in coal prices reducing demand for drilling services. Additionally hampered by introduction of carbon tax
- Market perceptions of balance sheet and liquidity issues negatively impacted award of work; particularly in E&C
- Diversion of senior management and employee time to focus on new ERP system – now implemented, along with a new business restructure
- Delays in commercialization of Cuadrilla due to suspension of fracking and drilling activities placed additional demands on cash
- During CY12 the Group raised more than $215m of new capital comprising both equity and debt (short and long term) mostly invested by Kerogen
- Following asset revaluation, an impairment of $13.6m has been included in half year results

Share Price Graph (as at 13 February 2013) (Source IRESS)



Financial Summary

Note: 1H FY13 are still subject to audit	2011 Year $'000	2012 1st Half $'000	2012 2nd Half $'000	2012 Year $'000	2013 1st Half $'000
Total revenue	433,373	266,265	238,011	504,276	180,144
Reported EBITDA	29,405	6,610	(28,127)	(21,517)	(7,707)
Underlying EBITDA	16,950			3,501	(3,712)
(Loss)/profit before tax	(21,422)	19,185	(97,394)	(116,579)	(41,435)
Total assets	438,917	456,839	415,354	415,354	374,327
Net assets	175,883	178,062	113,494	113,494	113,707
Basic earnings/(loss) per share(cents)	(17.5)	(19.1)	(116.8)	(133.2)	(35.0)

Improved Outlook

Drilling

- Evidence of renewed demand from coal sector after a significant cut back in the first half
- Highly leveraged to profitability after aggressively cutting overhead costs

E&C

- Tendering a record amount of work
- Partnering with energy majors to "rent" their balance sheets
- Narrower sector focus on areas of core expertise, pipelines and trenchless technologies
- Integration with Drilling to share overhead and leverage returns

Cuadrilla

- In December 2012, the British Government announced the resumption of fracking in the UK be allowed subject to certain conditions being met
- Farm-in negotiations at an advanced stage
- Soon to commence fracking with a view to achieving reserves certification in CY13
- Commence development of Polish and Dutch acreage

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Cuadrilla

Cuadrilla Overview

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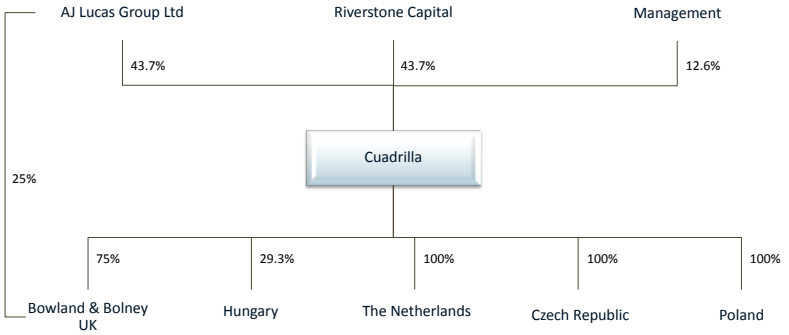
Large & Highly Prospective Land Holding – First Mover Advantage	• **Net 1.47m acres awarded; a further 0.7m acres pending** – Amongst the largest and most prospective acreage holdings in Europe. First mover advantage – Generally targeted basins with proven petroleum history and/or in close proximity to existing gas pipeline infrastructure within "oil and gas friendly" provinces and politically stable governments
Management	• Proven, high quality technical team (see Appendix for resumes)
Corporate Ownership: 43.7% of Cuadrilla and 25% of each of Bowland Licence (Flagship Project) and Bolney Licence	**Founded by Lucas and Cuadrilla Management in 2007** 
Vertical Integration	• Ability to control all aspects of its drilling and development programme • No reliance on third party service providers • World class drilling and fracking equipment, designed for European and US specifications, built specifically for Cuadrilla
About Riverstone	• US based energy & power focused fund • Principals have 30 years' experience in energy business and investment management and investment banking and include – **Lord John Browne.** Previously Managing Director and Chief Executive of BP – **Pierre F. Lapeyre.** Co-Founder. Previously Managing Director Global Energy at Goldman Sachs – **David M Leuschen.** Co-Founder. Previously Managing Director Global Energy at Goldman Sachs

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Cuadrilla European Plays

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Cuadrilla holds one of the most geographically diversified unconventional portfolios in Europe

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Cuadrilla Acreage

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License/Prospect	Country	Basin	Award Date	Gross Acres	Net Acres	Partner (%WI)
PEDL 165 (Incl Production)	UK	Bowland	2008	293,018	221,918	Lucas Energy 25%
PEDL 244	UK	Weald	2008	38,054	28,541	Lucas Energy 25%
PEDL 247	UK	Weald	2011	135,265	135,265	
EXL 189	UK	Cowden	2011	11,120	11,120	
PL 055	UK	Lingfield	2011	7,907	7,907	
Noord Brabant	Netherlands	Roer	2009	476,666	286,000	EBN 40% [1)]
Noordoostpolder	Netherlands	several	2009	202,280	121,368	EBN 40% [1)]
Lukow	Poland	Lublin	2009	155,217	155,217	
Miedzyrzec	Poland	Lublin	2009	289,998	289,998	
Pionki	Poland	Lublin	2009	204,460	204,375	
Ba-1X	Hungary	Pannonian	2011	38,796	4,656	DHH 53%, RAG 25%
Total				1,852,781	1,466,365	

1) EBN is an arm of the Dutch Government formed to invest in natural resource opportunities. EBN acts as a full joint venture partner

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Bowland Basin: Lead Project

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The Bowland Prospect

- Bowland Basin is a very significant shale gas resource play
- OGIP > 200 tcf
- Many places OGIP > 1 tcf / sq.mile
- Over 1000m (>3300 ft) thickness of shales and associated lithologies
- Shale is naturally fractured (free + adsorbed gas)
- Very good quality gas – minimal CO2
- 1000's feet below aquifers – not enough energy to frac into aquifers
- Very close to major pipeline infrastructure
- Market ready for this gas
- It is expected that asset can be properly assessed and monetized within approximately 12-24 months

Status of Operations

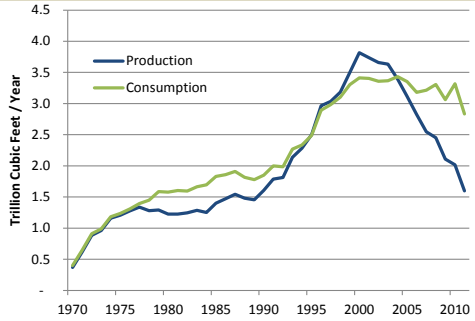
- In December 2012, the UK Government announced fracking could resume subject to certain conditions relating to the conduct of operations
- Anna's Road well to be re-spudded after drilling to a depth of 2000m in 2012 and abandoned after equipment became stuck at depth
- 150 sq. km 3D seismic programme planned for 2013

	Preece Hall 1	Grange Hill	Becconsall 1
Well Type	• Vertical Exploration	• Vertical Exploration	• Vertical Exploration
Spud Date	• August 2010	• January 2011	• August 2011
Depth	• 9,100 ft	• 10,775 ft.	• 10,500 ft.
Shale Thickness	• >2,600 ft from 5,800ft	• >2,400ft from 7,175ft	• >3,700 ft from 7,005 ft
Fracking Plans	• 12 stages to test respective pay zones • Ready to recommence fracking	• Ready to frac	• Ready to frac

Resource Estimate in Context

- 200 tcf estimated Gas in Place in Bowland Basin alone
- Hodder Mudstone formations and conventional traps
- Information taken into consideration in assessing the OGIP:
  - 5 of 12 planned fracks completed in 2011
  - Information from three Cuadrilla wells plus three older wells that penetrated the shale
  - Core and cutting analysis
  - 2D seismic only
  - **Assuming a 10% recovery of OGIP, would provide enough gas for ~5.6yrs of total UK consumption.**
  - **This equates to an approximate gross value of $100b.**

UK Gas Production vs. Consumption – a Growing Production Deficit



Source: BP Statistical Review of Energy 2011

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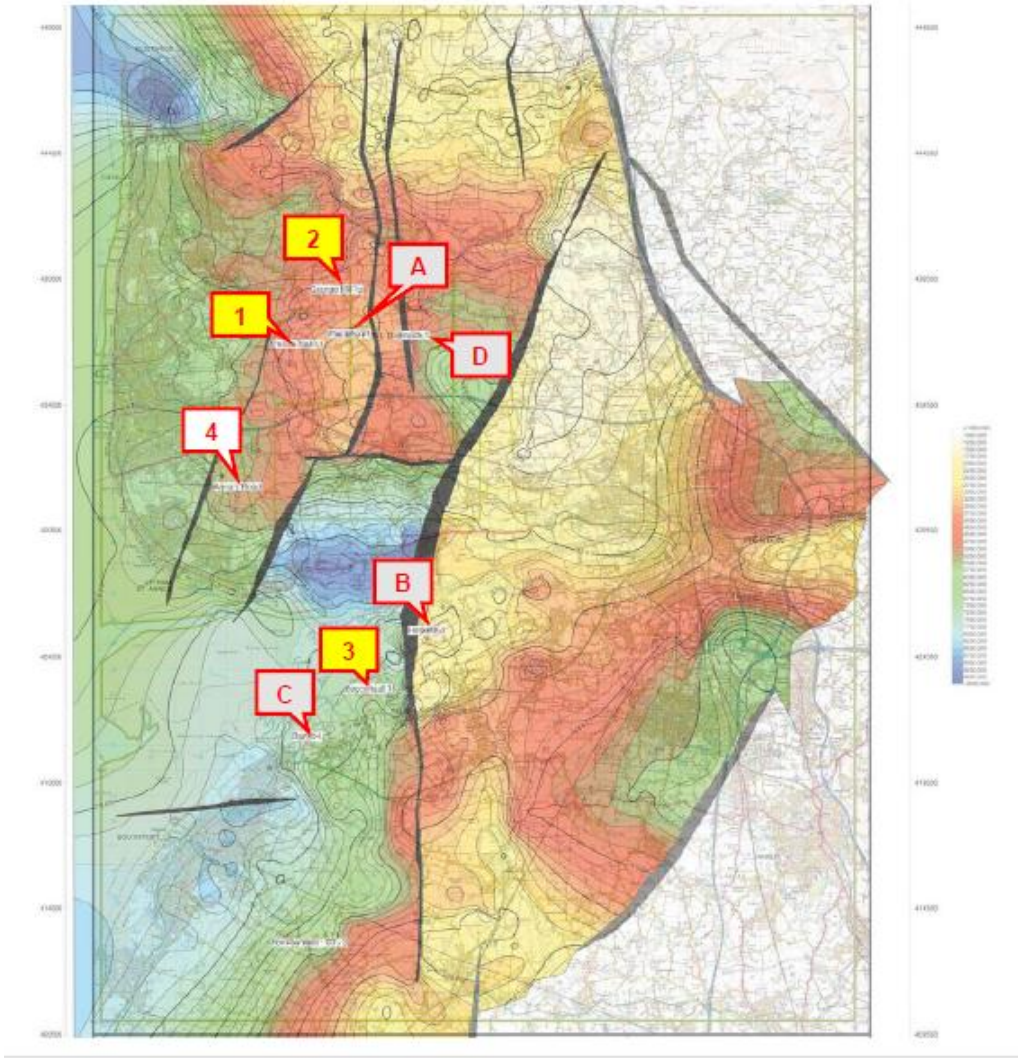
Bowland Basin



Pre-Existing Exploration Wells

A. Thistleton-1

B. Hesketh-1

C. Banks-1

D. Elswick-1

New Cuadrilla Drilled Wells

1. Preese Hall-1

2. Grange Hill-1Z

3. Becconsall-1Z

4. Anna's Road-1 Hz (To be drilled in 2013)

All the penetrations to date have been vertical wells

Anna's Road will be the first horizontal well

Becconsall-1Z was the first well to encounter the Hodder mudstone formation

Bowland Basin: Strategically Located

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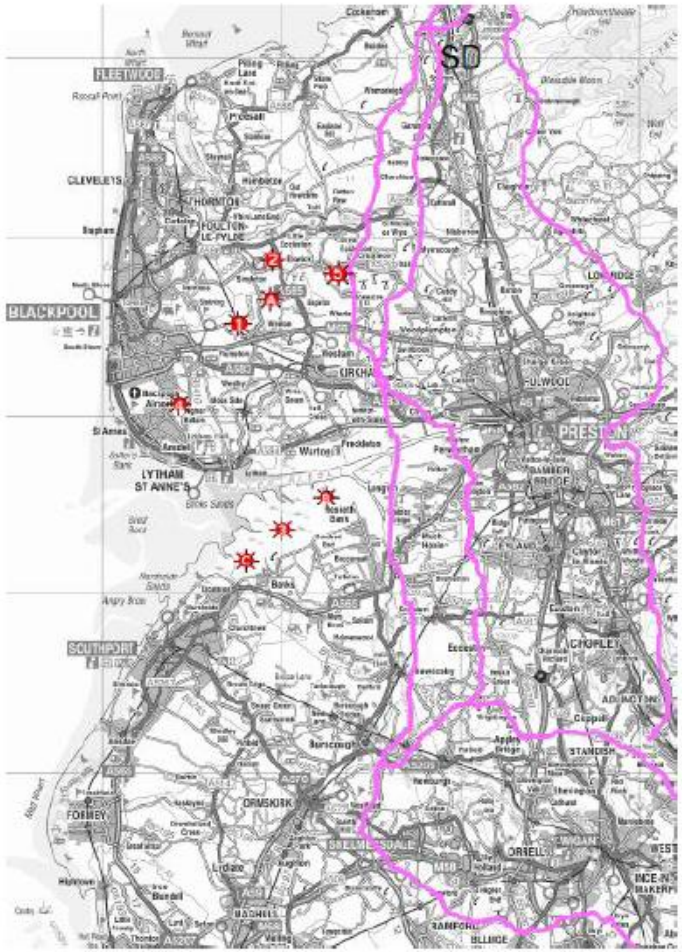
Land location in the heart of UK

Well sites close to national grid high pressure gas pipe locations



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Bowland Basin: Presence of Gas Confirmed; Development Underway

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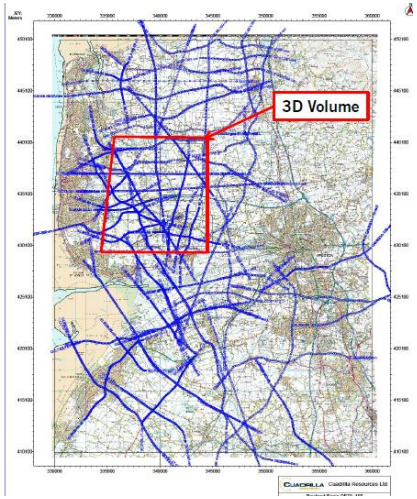
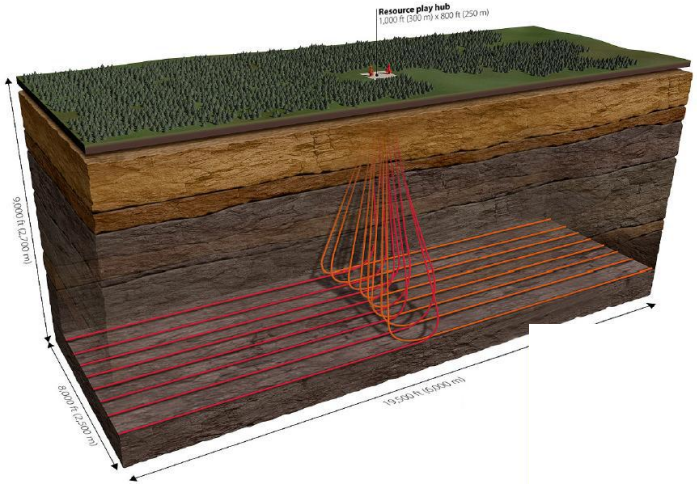
Gas Desorption of Cuttings & Core

UK's First Shale Well: Enclosed Flare (40 Ft Column, Init. Flow > 1MM cf/d)

Bowland Basin 2D Database and 3D Survey Area (100 km^2)



Super Pad Development Plan : Minimal Footprint



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Cuadrilla: 2013 Work Plan

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		Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Anna's Road	Drill Vertical											
	Lateral											
	Frack											
	Micro Seismic											
Becconsall	Frack											
Poland	2D Seismic											
	3D Seismic											

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Bowland Basin: Comparison to US Peers

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Shale Comparison	
Bowland (UK)	**Barnett (USA)**
• Asbian-Brigantian (Late Miss) • 3000'+ black shales with interbedded lsts • Marine-prodelta/basinal • Fractured carbonate bands • High silica content (outcrop) • TOC 1-5% • Well completions (3 partial) • Resource OGIP 200 tcf + (Recoverability TBD) • Cost of acreage <$1 per acre – zero royalty • Current UK gas price ≈ $9 - $10/mscfg	• Chesterian (Late Miss) • 1000'+ black shales with interbedded lsts • Basinal/ slope • Fractured carbonate bands • High silica content • TOC 1-6% • Well count = 15,000 • 26 tcf+ recoverable • Cost of acreage +$10-25,000 + royalty • Current Henry Hub ≈ $2- $3/mscfg

Gas Surface Density Comparison

Play	Age	Depth Feet	Net Thickness Feet	Approx. Average Resource Billion cu.ft / sq. mile (GIIP)
Barnett	Mississippi	6,500 – 8,500	100 - 600	240
Marcellus	Mid Devonian	4,500 – 8,500	50 - 350	13
Fayetteville	Mississippi	3,000 – 5,000	20 -200	54
Haynesville	Upper Jurassic	10,500 – 13,000	200 - 300	113
Woodford	Mid Devonian	6,000 – 11,000	120 - 220	87
Eagle Ford	E. Cret	8,000 – 14,000	150 - 300	102
Bowland (Grange Hill)	**Carb**	**5,200 – 10,700**	**3,967**	**1,391 = 1.4 tcf /sq.m**

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Reserves Certification Key to Valuation

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Selected Shale Transactions				
Companies Involved	**Date**	**Deal Size ($m)**	**Resource Estimate**	**Comment**
Apollo Global Management acquires EP Energy		7,150		Purchaser group includes AJLs co-Cuadrilla shareholder Riverstone
Chevron (U.S.) buys Atlas Energy (U.S.)	Nov 2011	3,200	0.85Tcf	Marcellus shale, in production
BHP Billiton (Australia) buys Fayetteville assets from Chesapeake (U.S.)	Feb. 2011	4.75	10Tcf	Resource and investment subsequently written down $2.8bn
Chesapeake Energy (U.S.) and CNOOC (China)	Oct 2010	1,100	N.A	Farm in funding drilling and completion in Eagleford
Royal Dutch Shell (The Netherlands) buys East Resources (U.S.)	May 2010	4,700	16Tcf	Resource was an estimate
Consol Energy buys Dominion Resources Inc.'s natural-gas business	Mar 2010	4,700	3Tcf	Included Marcellus
Acquisition of XTO Energy (US) by Exxon Mobil (US)	Dec 2009	30,000	45Tcf	
Statoil (Norway) and Talisman Energy (Canada)	Oct 2010	1,325	N.A	Eagleford 50:50 JV to develop over 97,000 acres and acquisition of half of Talismans 37,000 acres

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Drilling Services

Drilling Services Business Overview

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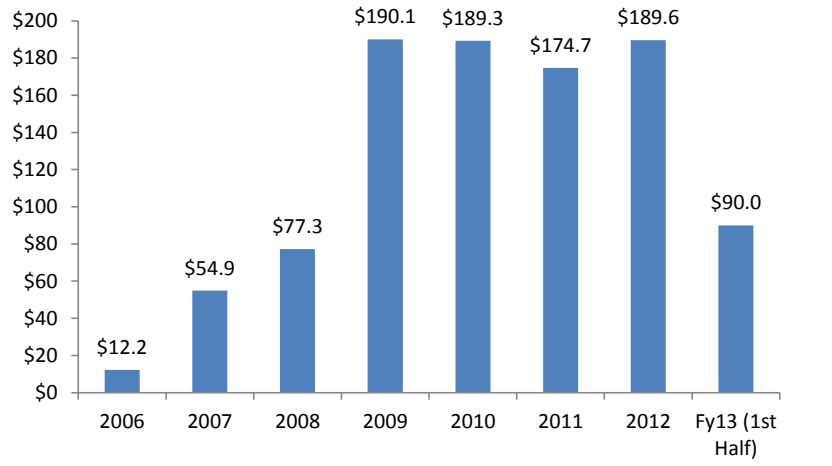
Business Divisions

One of Australia's largest and most diverse rig fleets operating in 4 divisions:

- **Exploration and Development**
  - Multi-purpose rig fleet flexible between Coal and CSG work
  - Critical mass of skilled personnel and well maintained rigs
  - Green and Brownfield exploration
  - Drilled using coring, mud or air to depths of 1,500m and 2,000m for CSG
  - Core exploration fleet can be adapted for conventional directional drilling
- **Production Drilling**
  - Mine-site CMM drainage and CSG production
  - Holes can be up to 2,100m deep
  - Rigs can accommodate handling of various drill pipe sizes and well control systems
  - In house design capability
- **Directional Drilling**
  - Industry leader and most technically advanced Surface to Inseam (SIS) driller in Australia
  - Coal mine de-gasification, de-watering, CSG collection
  - Skill set is a significant barrier to entry
- **Engineering and Well Services**
  - Provision of practical drilling solutions for both Horizontal Directional Drilling (HDD) and SIS drilling
  - Services include well design, drilling engineering to improve reach and mitigate risk and professional steering services to execute drilling program
  - Well Services installs down hole pumps, gas gathering lines, surface infrastructure as well as providing well maintenance

Drilling Division Revenue ($m) (1)(2)



Drilling Division EBITDA ($m) (1)(2)(3)

(1) Underground drilling business was sold in March-11. The figures presented above have been adjusted and exclude revenues from that business

(2) Note: 1H FY13 are still subject to audit

(3) EBITDA Excludes pending impairment of circa $13m

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Drilling Services Business Highlights

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Strong Industry Fundamentals	– **Direct exposure to the buoyant Australian resources sector** – Coal and energy activity expected to remain strong – Australia is the world's second-largest exporter of coal (25% market share) and is expected to remain so over the coming decade, driving ongoing demand for drilling services – Substantial increase in CSG drilling activity required to support established CSG to LNG projects (approximately 15,500 production wells by 2020)
Scale And Market Leadership	– **Leading drilling service provider to the coal and CSG markets in Australia** – Leader in directional drilling and CMM extraction – Critical mass of a multi-purpose fleet allows the business to mobilise swiftly and provide a complete service offering in response to market demand – Highly experienced, multi-competency and specialised drilling workforce
Unique Service Offering And Capabilities	– Full service offering across multiple drilling disciplines: exploration and mine development, production and directional drilling for CMM drainage and CSG collection, engineering services for well design and drilling optimisation, and well services for surface infrastructure installation and ongoing well maintenance – **Turnkey approach** simplifies contractor management for clients – Positioned as a service provider of choice, with customers increasingly seeking to limit the number of contractors at each site through multi-competency complex contracts – **Presence in all major coal and CSG producing basins of Australia's east coast** with a number of large umbrella contracts – Supported by established operating platform that is essential to maintaining safety and compliance and is difficult to replicate by competitors or new entrants
Long Term Relationships With Blue Chip Customer Base	– Reputable operator with long standing relationships with its customer base – **Customer base dominated by some of the world's largest miners and energy providers** – Success and reputation have been driven by a focus on reliable and responsive service and a flexible solutions approach
Market Leading OH&S Standards And Practices	– Comprehensive safety management system; AS/NZ and ISO quality assured – Ever more stringent compliance and safety standards required by clients and regulators favour established players with appropriate procedures and systems in place
Outlook	– Strengthening global economy and increasing business confidence signals improved financial outlook – Renewed strength in the coal market underpinning a recovery in exploration drilling – Exploration and Directional drilling performing well under new organisational structure, and in the face of stronger demand – Long standing customer relationships improves likelihood of award of new contracts – Restructured business ($18m reduced costs) means AJL is leveraged to increased turnover

Engineering and Construction

E&C Business Overview

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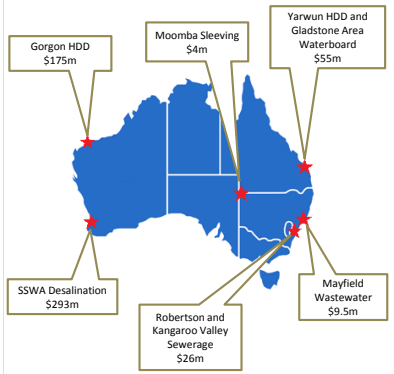
Business Activities

- Actively focus on areas requiring a high level of engineering and technical expertise to create barriers to entry

Trenchless Technologies	• Largest capability in Australia with three spreads able to undertake trenchless installation of pipes, conduits, and cables up to three kilometres away • Market leader in Horizontal Directional Drilling (HDD) • JV with Groupe Marais SA with ability to trench 1km /day with minimal ground disturbance
Pipelines	• Market leader in the installation of pipelines • Contracts previously completed include the Bonaparte pipeline in the Northern Territory and the SEAGas pipeline from Port Campbell in Victoria to Adelaide • Specialised in the installation of long distance pipelines in remote and environmentally sensitive areas
Water and Waste Water	• Specialist niche engineering • Expertise in the design and construction of waste water re-use, potable water treatment and associated pumping and pipeline networks • Large amount of work in waste water treatment facilities and sewerage system projects
Major Projects	• Flexible engineering base allows for the tendering and execution of major projects • Often utilises a number of Lucas' core competencies • Major projects include Southern Sea Water Desalination project and the Western Corridor Recycling Project in Queensland

Major Projects



Operating Performance

Note: 1H FY13 are still subject to audit	2011 Year $'000	2012 1st Half $'000	2012 2nd Half $'000	2012 Year $'000	2013 1st Half $'000
Revenue	247,437	168,618	146,018	314,636	90,200
Underlying EBITDA	6,339	8,534	(14,394)	(6,040)	(5,428)
EBITDA Margin	2.60%	5.0%	(9.9%)	(1.9%)	(6.0%)

Outlook

- Mining boom is moving to next stage of development which will require supplementary infrastructure and more maintenance services
- Continuing drought in WA also impacts demand for water projects
- Increased environmental awareness aids demand for trenchless services
- Lucas-Marais services in demand in New Zealand where trenchless technologies are being employed to roll out local broadband
- Strong alliance-relationships reduces reliance on AJL balance sheet
- Tendering on a record amount of contracts; short listed for a number of significant infrastructure projects. Strong customer relationships place AJL in good position to win several major contracts

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E&C Business Highlights

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Strong Industry Fundamentals	– Massive infrastructure spending forecast in support of coal export growth (railways, port capacity expansion and associated works) and LNG exports from CSG (gas pipelines, gathering systems, pump stations, compressor stations)
Market Leadership	– Strong track record of delivery of pipelines and associated services on time and on budget – Leading provider of horizontal directional drilling (HDD) services in Australia including delivery of largest HDD project (Gorgon landfall) – Customers generally major corporates or semi-government therefore debtor management not a problem
Unique Service Offering And Capabilities	– Market leader in provision of coal and CSG drilling services provides exposure and first mover advantage to secure associated infrastructure works – Provision of multiple services with drilling attractive to customers through reduction in number of service providers and reduced OH&S risks. Competitive advantage gained by sharing of overhead over different activities
Technical Expertise	– Leading engineering knowledge of waste water treatment provides vital competitive edge – Specialist equipment and expertise create high barriers to entry
Innovation	– Company has the most technically advanced knowledge of HDD and other trenchless technologies in Australia and is responsible for delivery of some of the most complex HDD projects in Australia
Environmental Leadership	– Company's leadership in the provision of HDD services provides the Company with a vital competitive advantage through minimal environmental intrusion and impact
Long Term Relationships With Blue Chip Customer Base	**Energy**: Chevron, Santos, origin energy, APA Group, AGL **Water**: Sydney WATER, WATER CORPORATION, HUNTER WATER **Infrastructure**: essential energy, NSW GOVERNMENT Services, Technology & Administration

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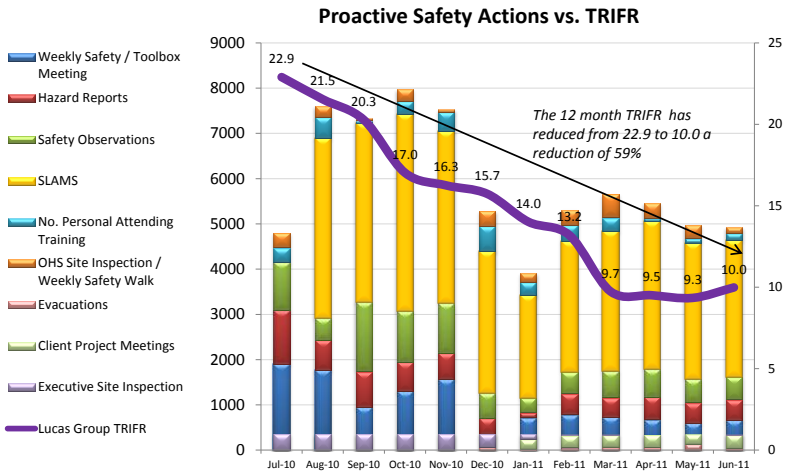
Safety

Industry Leader in Safety

Lucas Practices A Proactive And Vigilant Safety Culture. Our Goal Is To Achieve An Injury-Free Workplace.



- The company operates in a highly regulated environment with safety being an industry-wide challenge
- Lucas is an industry leader in terms of OHSE and IR
- ISO 9000 and Commonwealth Safety accreditation
- In addition to strict industry standards, we have implemented our own rigorous standards for health and safety
- Corporate culture and value system critical to success in OHSE therefore there is a strong emphasis on people and training

Initiatives

- Launched behavioural-based safety strategy – the Lucas Safety Zone
- Implemented Safety Leadership programme for Drilling Division
- Consolidated safety management system
- Implemented e-learning capacity within our training framework
- Mapped safety processes & implemented web-based records to improve the transparency and usability of safety management system

Results

- Awarded OHS Accreditation from the Office of the Federal Safety Commissioner
- Awarded APIA 2010 Safety Award

Appendix

Cuadrilla Management Resumes

LUCAS

Chief Executive Officer - Francis Egan joined Cuadrilla Resources as CEO in July 2012. Mr Egan has over 28 years of diverse international experience working in engineering and management roles in the upstream oil & gas industry. Prior to joining Cuadrilla, Mr Egan worked in Houston as President of Production for BHP Billiton Petroleum with management responsibility for BHP Billiton's worldwide oil and gas production

Development Director - Mark Miller has more than 35 years industry experience and is widely recognised as one of industry's leading well test analysts. He is a founder and former president of Eastern Reservoir Service (ERS), acquired by Patterson-UTI in 2003. Prior to founding ERS he held a number of management and technical jobs for Dowell Schlumberger in North America, Europe and the Middle East. He holds a BSc in Engineering from Penn State University

Executive Director - Dennis Carlton was a founder and Chief Operating Officer of Evergreen Resources prior to the $2.1 billion acquisition of the company by Pioneer Natural Resources in 2004. He is a senior industry executive with over 30 years' experience. He is widely credited with leading the successful development of the world class Raton basin coal bed methane field in south east Colorado. He holds a BSc and MSc in Geology

Chief Operating Officer - Eric Vaughan has over 30 years' experience in the drilling and well service industry. He is a former US and European regional manager for NOWSCO Well Service, where he managed significant onshore oilfield service operations. Following the acquisition of NOWSCO by BJ Services, he established Evergreen Well Services as a flagship model for internal service provision. This provides a seamless vertically integrated drilling and completion service subsidiary into the parent operating company. It is a model operated by Cuadrilla to underpin operational standards and safeguards

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Shares and Options on Issue and Pro-forma

LUCAS

Shares and Options on Issue	Qty	Exercise Price	Expiry	Notes
Shares on Issue	**132,656,920**			
Options	93,861		30/06/2013	Performance Related
Options	1,000,000	$2.13	22/12/2016	Goldman Sachs
Options	11,159,356		22/12/2015	> $1.35 (VWAP Based) <$1.75 (Kerogen & Gleneagle)
Options	3,750,000	$1.35	7/12/2015	CEO Performance - share price must close above $2.50 for 10/20 days for shares to vest
Options	1,250,000	$1.35	7/12/2015	Mgt Performance - share price must close above $2.50 for 10/20 days for shares to vest
Total Shares & Options on Issue	149,910,137			
Pro Forma Placement (at $1.55)	10,650,000			
Pro Forma Fully Diluted	**160,560,137**			

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Balance Sheet

LUCAS

Note: 1H FY13 are subject to audit	1H-2013 $m	June 2012 $m
Current assets		
Cash and cash equivalents	0.6	4.3
Trade and other receivables	46.0	57.1
Inventories	30.0	55.9
Assets classified as held for sale	1.4	5.5
Other assets	4.4	0.9
Total current assets	**82.4**	**123.7**
Non-current assets		
Property, plant and equipment	119.1	133.6
Exploration assets	17.7	16.1
Intangible development assets	0.1	0.6
Other intangible assets	67.0	67.0
Deferred tax assets	0.8	0.8
Investments in equity accounted investees	87.2	73.6
Total non-current assets	**291.9**	**291.7**
Total assets	**374.3**	**415.4**

	1H-2013 $m	2012 $m
Current liabilities		
Trade and other payables	69.0	120.3
Interest-bearing loans and borrowings	29.4	91.2
Current tax liabilities	2.3	32.7
Derivative liabilities	0.0	2.7
Employee benefits	5.6	7.8
Total current liabilities	**106.3**	**254.7**
Non-current liabilities		
Trade and Other Payables	12.9	
Interest-bearing loans and borrowings	115.3	41.9
Current tax liabilities	19.9	4.0
Derivative liabilities	5.2	0.0
Employee benefits	1.0	1.2
Total non-current liabilities	**154.3**	**47.1**
Total liabilities	**260.6**	**301.9**
Net assets	**113.7**	**113.5**
Equity		
Share Capital	179.7	138.5
Reserves	(4.0)	0.5
(Accumulated losses)/Retained earnings	(62.0)	(25.5)
Total equity	**113.7**	**113.5**

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Loan Facilities

LUCAS

Loan Facilities (As at December 2012 – Subject to audit)		
	$m	
Kerogen Facilities		
Mezz loan	$93.7	
Other Advances	$18.4	
Accrued interest	$1.1	
		$113.20
ATO Debt		
Principal	$26.50	
Accrued interest & fees	$12.80	
		$39.30
ANZ		
Overdraft	$4.3	
Wyong Yard Mortgage	$2.20	
Leases (P&E)	$20.4	
Bank Guarantees & Other	$3.8	
		$30.7
Other		
Leases (P&E)	$9.5	
		$9.5
Total		**$192.7**

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