AJ Lucas Group Limited

Capital Raising, 17 March 2016

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Disclaimer (continued)

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Financial data

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Summary of capital raising

- AJL is undertaking an Entitlement Offer to raise gross proceeds of approximately $21.1 million.

- Size and structure
  - 3 for 8 Accelerated Non-Renounceable Institutional Entitlement Offer to raise ~$17.4 million.
  - 3 for 8 Non-Renounceable Retail Entitlement Offer to raise ~$3.7 million.

- $0.21 fixed Offer Price
  - 12.2% discount to the Theoretical Ex-Rights Price (**TERP**).[1]
  - 16.0% discount to the last closing pricing on Friday, 11 March 2016 of $0.25.

- Approximately 100.3 million new shares would be issued as part of AJL's capital raising, increasing AJL's total issued share capital to approximately 367.7 million. All shares issued under the Entitlement Offer would rank pari passu with existing shares.

- Patersons Securities Limited (the **Underwriter**) has received firm commitments from AJL's two largest shareholders. The Underwriter has agreed to underwrite the shortfall (excluding the firm commitments).

- The Underwriter has obtained sub-underwriting support from Kerogen and certain new institutional investors. As a result, the combination of the shareholder commitments and underwriting of the shortfall is equal to the gross proceeds intended to be raised under the Entitlement Offer.

[1] TERP is the theoretical price at which AJL shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which AJL shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to AJL's closing price on 11 March 2016.

Summary of capital raising (continued)

- Institutional Entitlement Offer
  - Proceeds raised under the Institutional Entitlement Offer – approximately $17.4 million.
  - AJL's largest shareholder – Kerogen – has agreed to subscribe in full for its pro rata entitlement (52.8 million shares/$11.1 million).
  - Mr. Paul Fudge, AJL's second largest shareholder, has agreed to subscribe in full for his pro rata entitlement (12.4 million shares/$2.6 million).

- Retail Entitlement Offer
  - Proceeds raised under the Retail Entitlement Offer – approximately $3.7 million.
  - Retail shareholders are afforded the opportunity, but not the obligation, to subscribe for additional shares up to that number of shares that equal their original entitlement as at the Record Date (i.e., if their original entitlement was 2,000 shares they may apply for up to a further 2,000 shares, being up to 4,000 shares in total for which they can subscribe).
  - The maximum number of shares AJL would issue in satisfaction of applications for overallocations it may receive under the retail overallocation facility would be capped at 5 million.
  - Shares not taken up under the Retail Entitlement Offer or under the retail overallocation facility would be allocated to the Underwriter in accordance with the terms of the Underwriting Agreement.
  - All allocations of additional shares above original entitlements would be made at the sole discretion of the Underwriter / AJL and therefore, any additional allotment of overallocation shares is not guaranteed.

- The Entitlement Offer is partially sub-underwritten by the following institutions:
  - Kerogen is sub-underwriting up to $2.9 million, which when combined with its pro rata entitlement of $11.1 million, amounts to a total commitment of up to $14 million (being up to 66.7 million new shares) (see details on page 9).
  - Several new international institutional investors that are sub-underwriting for up to a total amount of $4.5 million.
  - Shareholders would not receive any proceeds for entitlements not taken up.

Pro forma balance sheet

- Expected gross proceeds from the Entitlement Offer would be $21.1 million.
- Additional cash available to the Company would be not less than $7.7 million.[6]

Balance Sheet ($ million)	31 December 2015	Subsequent material movements in cash [2][3]		Equity capital raising March 2016[4][5]	Proforma Balance Sheet
Cash	17.1				
- Restricted Cash [1] (held at JV)	8.0		8.0		8.0
- Cash AJL	9.1	-6.0	3.1	7.7	10.8
Receivables and inventories	24.7	6.0	30.7		30.7
Plant and equipment	44.9		44.9		44.9
Cuadrilla and exploration assets	126.6	1.0	127.6		127.6
Other	1.4		1.4		1.4
Total Assets	**214.7**		215.7		**223.4**
Payables	25.4		25.4		25.4
Debt	83.8	1.0	84.8	-13.4	71.4
Tax liabilitiy	32.8		32.8		32.8
Other liabilities	4.7		4.7		4.7
Total liabilities	146.7		147.7		134.3
Net Assets	**68.0**		68.0		**89.1**
Share capital	339.7		339.7	21.1	360.8
Reserves	-271.7		-271.7		-271.7
Shareholder equity	**68.0**		68.0		**89.1**

1 $8.0 million is restricted cash (held at JV for project expenditure)
2 $6.0 million has been as collateral for a bank guarantee to support bonding requirements against the VNIE project won in December 2015
3. $1.0 million for Cuadrilla cash expenditure commitments met from additional short term debt now due and payable to Kerogen
4 Assumes interest owing and payable to Kerogen at the end of April 2016 is offset by the issue of shares
5 Gross before fees
6 $21.1 million less amounts due and payable to Kerogen at the end of April of approximately $13.4 million (subject to FX movements)

Underwriting

Patersons Securities Limited (the **Underwriter**) has received firm commitments from AJL's two largest shareholders. The Underwriter has agreed to underwrite the shortfall (excluding the firm commitments).

The Underwriter has obtained sub-underwriting support from Kerogen and certain new institutional investors. As a result, the combination of the shareholder commitments and underwriting of the shortfall is equal to the gross proceeds intended to be raised under the Entitlement Offer.

Commission, fees and expenses

AJL has agreed to pay to the Underwriter a corporate retainer of $25,000 (excluding GST), an offer management fee of 1.25% (excluding GST) of the Entitlement Offer and a selling fee of 5.00% (excluding GST) of amounts raised under the Entitlement Offer, excluding Kerogen's pro rata entitlement. The Underwriter would also be reimbursed for certain expenses.

Representations and warranties

In the Underwriting Agreement, AJL provides a number of representations and warranties to the Underwriter, including:

i. the new shares will rank equally in all respects with other ordinary shares of AJL, including for future dividends payable;
ii. the new shares will be issued free from all encumbrances, other than as provided for in AJL's constitution;
iii. the offer materials (including this announcement) do not contain any information that is misleading or deceptive or likely to mislead or deceive, including by way of omission;
iv. AJL is entitled to conduct the Entitlement Offer without a requirement for a prospectus in accordance with 708AA (as amended by ASIC Class Order 08/35), respectively;
v. AJL is able to provide, and there is nothing preventing it from providing a cleansing statement as required by section 708AA(7) of the Corporations Act in respect of the new shares;
vi. AJL has, or will have, obtained all waivers of the ASX Listing Rules necessary or appropriate to conduct the Entitlement Offer and issue the new shares.

Underwriting (continued)

Indemnity

Subject to certain exclusions relating to, among other things, wilful default, misconduct, fraud, negligence or breach of contract of an indemnified party, AJL agrees to keep the Underwriter and certain associated parties indemnified from losses suffered in connection with the Entitlement Offer.

Termination events

There are certain events which trigger termination of the Underwriting Agreement during the Institutional Entitlement Offer and Retail Entitlement Offer periods. The ability of the Underwriter to terminate the Underwriting Agreement in respect of some events will depend on whether the event has or is likely to have: a material adverse effect; prohibits or restricts the conduct of the Entitlement Offer; will or is likely to materially reduce the level of valid applications; or gives rise or would be likely to give rise to a liability of the Underwriter.

Sub-underwriting

Kerogen and the new international institutional investors have each agreed with the Underwriter to act as sub-underwriters to the Entitlement Offer.

Kerogen sub-underwriting agreement

- Kerogen has entered into a Sub-underwriting Agreement with the Underwriter to provide up to $2.9 million in support of the Entitlement Offer, subject to the terms and conditions of the Sub-underwriting Agreement between the parties.
- Kerogen has agreed that the Underwriter may allocate to it the first $2.5 million of any shortfall from the Entitlement Offer.[1]
- Kerogen has not been paid any fees for entering into the Sub-underwriting Agreement nor would it be paid any fees or issued any bonus shares for shares that may be allocated to it under the Sub-underwriting Agreement.
- Kerogen retains the right to nominate, while it holds more than 30% of the issued capital of AJL, 2 directors to the AJL Board. Kerogen currently has 1 director nominated to the AJL Board.
- Kerogen currently holds 52.6% of AJL. At the end of the Institutional Entitlement Offer, this shareholding could increase to 59.6% should no other institutional shareholders other than Mr. Fudge take up their entitlement. This would then reduce to 55.9% by the end of the Retail Entitlement Offer (assuming no retail shareholders take up their entitlement and the sub-underwriters are allocated the shortfall pro rata to their commitment). (See also slide 13.)

New international institutional investors sub-underwriting agreements

- Each of the new international institutional investors have entered into Sub-underwriting Agreements with the Underwriter to provide up to $4.5 million in support of the Entitlement Offer, subject to the terms and conditions of the Sub-underwriting Agreements between the parties.
- These new investors would receive one bonus share for every six shares they are allocated by the Underwriter.

[1] At institutional settlement, Kerogen is obliged to settle for that number of shares (based on the issue price) that is equal to the lower of an aggregate subscription amount of (a) amounts which can be set-off as due and payable by the Company, plus any additional cash chosen to be made; and (b) $2.5 million. At retail settlement, Kerogen is then obliged to subscribe for all shares allocated to it which it has not yet subscribed for. Kerogen can settle its subscription for allocated shortfall shares by any combination of cash payment or by way of set-off against amounts due and payable by the Company to Kerogen as agreed between the Company and Kerogen in connection with the Kerogen financing arrangements.

Use of proceeds

- The Entitlement Offer will allow AJL to make a minimum payment of $11.1 million that is due and payable to Kerogen[1].
- The expected gross proceeds from the Entitlement Offer would be $21.1 million and it is expected that the additional cash available to the Company would be not less than $7.7 million, being $21.1 million less amounts due and payable to Kerogen at the end of April of approximately $13.4 million (subject to FX movements). On this basis, Kerogen's total commitment of $14 million means new cash from Kerogen of a minimum of $600,000 assuming no participation in the Offer other than Kerogen and Mr Fudge. Kerogen may at its discretion elect to fund additional new cash in lieu of setting off amounts due and payable to it.
- The offer proceeds less the amount offset against monies due and payable to Kerogen will be applied to the cost of the capital raise then short term general working capital purposes, including ongoing funding of its UK investments and scheduled payments to the ATO.

NB: Kerogen has agreed to defer interest owed to it under the Loan Facilities until 30 September 2016.

Following the capital raising, the terms of its debt obligations can be summarised as follows:

Type	Senior Secured USD Facilities
Principal	USD54.3 million
Interest	15.0% per annum
Maturity	Between January and February 2017

[1] Amounts will be due and payable earlier upon receipt by AJL of any equity capital raising proceeds, such as the Entitlement Offer. Amounts due also include approximately $1 million for Cuadrilla cash expenditure commitments of additional short term debt. Should repayment occur before 31 March 2016 then the amount due may be less as accrued interest will be lower. $1.6m will be due to Kerogen at the end of April 2016. Amounts due to Kerogen are denominated in USD, making an exact calculation of the AUD equivalent exchange rate dependent.

Future financing plans

- The current fund raising may be insufficient to meet AJL's future liabilities which include:
  - its repayment obligations to the ATO (approximately $690,000 per month);
  - the servicing and repayment of its loans from Kerogen (which are due in early 2017); and
  - the funding of its European investments.

- AJL's subsidiary, Cuadrilla Resources Holdings Limited (**Cuadrilla**), appealed a decision by the Lancashire County Council in July 2015 to reject Cuadrilla's application for appraisal sites in its licence area. Cuadrilla is funded by its shareholders and therefore requires funds from AJL to, amongst other things, progress this appeal. AJL may need to raise additional capital to maintain this action should it take longer to be decided than anticipated. Should Cuadrilla's appeal be successful, then AJL may also need to raise additional capital to funds its share of the field works that would ensue.

- AJL continues to address the recapitalisation of its balance sheet. This equity raise is being explored to raise short term cash to support working capital requirements of the business whilst a larger funding strategy is being developed to meet the needs of the Group longer term including meeting its commitments for the Cuadrilla shale gas projects.

Kerogen Consent

- Kerogen has consented to AJL's request that it:
  - Allow any interest and fees due and any loan amounts currently repayable (see page 13) that are not repaid from the proceeds of the Entitlement Offer to be deferred and accrued to 30 September 2016.
  - Allow any interest falling due during the term of the Entitlement Offer (see page 13) and not repaid from the proceeds of the Entitlement Offer to be deferred and accrued to 30 September 2016.
  - Allow future interest payments due to it under the Loan Facilities to be deferred and accrued to 30 September 2016.
  - Underwrite the first $2.5 million of any shortfall from the Entitlement Offer.[1]
  - Forego the bonus share being offered as an incentive to other sub-underwriters.

- AJL has agreed with Kerogen that it would not raise capital in the next 12 months unless via way of a pro-rata offer to all shareholders.

[1] At institutional settlement, Kerogen is obliged to settle for that number of shares (based on the issue price) that is equal to the lower of an aggregate subscription amount of (a) amounts which can be set-off as due and payable by the Company, plus any additional cash chosen to be made; and (b) $2.5 million. At retail settlement, Kerogen is then obliged to subscribe for all shares allocated to it which it has not yet subscribed for. Kerogen can settle its subscription for allocated shortfall shares by any combination of cash payment or by way of set-off against amounts due and payable by the Company to Kerogen as agreed between the Company and Kerogen in connection with the Kerogen financing arrangements.

Pro forma substantial shareholders

- The issue of new shares under the Entitlement Offer would have the following effect on AJL's major shareholders:

Shareholders	Current shareholding	Share %	Maximum pro-forma shareholding[1]		Share %
Kerogen Investments No.1 (HK) Limited	140.7 million	52.6	As at the close of the Institutional Entitlement Offer	205.3 million	59.6
			As at the close of the Retail Entitlement Offer	207.3 million	55.9
Mr. Paul Fudge	33.1 million	12.4	As at the close of the Institutional Entitlement Offer	45.6 million	13.2
			As at the close of the Retail Entitlement Offer	45.6 million	12.4

[1] The amounts shown assume no participation by other shareholders in the Entitlement Offer. These figures may be lower than based on the amount of entitlements taken up by other shareholders (including under the retail over-allocation facility) and sub-underwriters under the Entitlement Offer.

Indicative Timetable[1]

Event	Date
Announce Entitlement Offer (trading suspension to continue)	Thursday, 17 March 2016
Institutional Entitlement Offer opens	Thursday, 17 March 2016
Trading suspension	Thursday, 17 March 2016 to Friday, 18 March 2016
Institutional Entitlement Offer closes	Friday, 18 March 2016
AJL shares recommence trading on ASX	Monday, 21 March 2016
Record Date	Monday, 21 March 2016
Retail Entitlement Offer opens	Thursday, 24 March 2016
Retail Entitlement Offer booklet despatched	Thursday, 24 March 2016
Settlement of Institutional Entitlement Offer	Wednesday, 30 March 2016
Initial new Shares allotted under Institutional Entitlement Offer and issued and commence normal settlement trading	Thursday, 31 March 2016
Retail Entitlement Offer closes	Tuesday, 26 April 2016
Announce results of Retail Entitlement Offer	Friday, 29 April 2016
Settlement of remaining new Shares under Retail Entitlement Offer, including additional new Shares	Monday, 2 May 2016
Final allotment and issue of remaining new Shares under Retail Entitlement Offer, including additional new Shares	Tuesday, 3 May 2016
Despatch of holding statements and normal trading of remaining new Shares, including additional new Shares	Wednesday, 4 May 2016

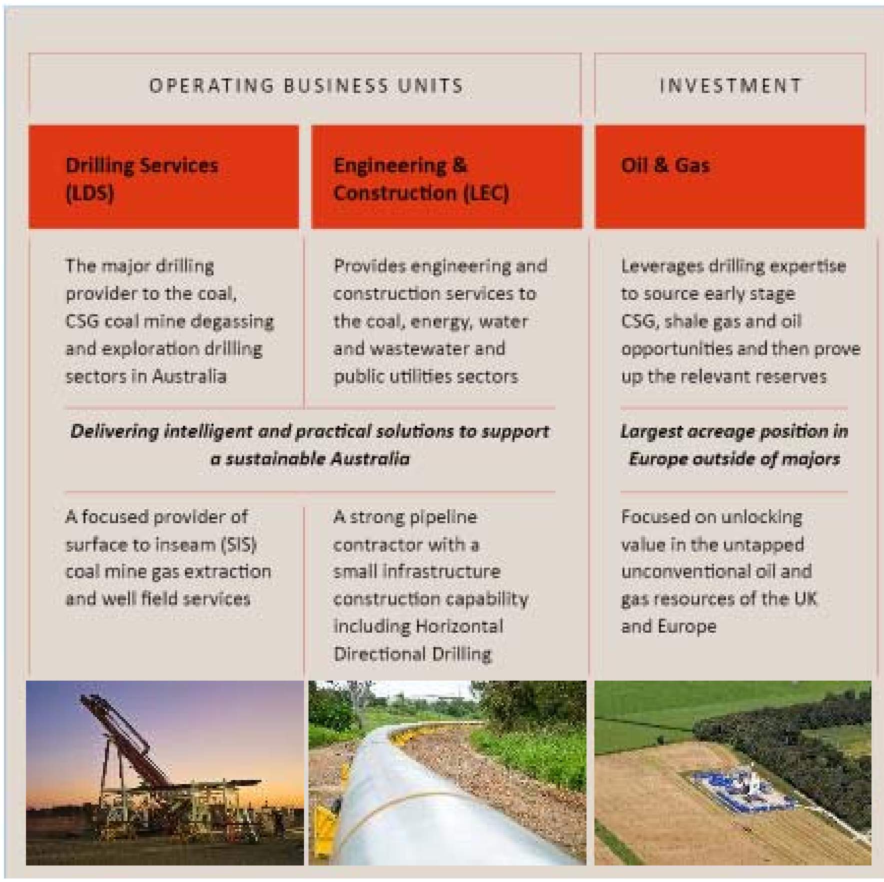
This timetable is indicative only and subject to change at discretion of AJL

APPENDIX

LUCAS

Corporate summary

Business Overview



Ownership and governance

Key Shareholders*	
Kerogen Capital Specialist O&G private equity fund	52.6%
Paul Fudge unconventional energy specialist	12.4%
Andial Holdings	6.5%
Amalgamated Dairies	6.1%

AJL Board	
Chairman	Phil Arnall
Director	Julian Ball
Director	Ian Meares
Director	John O'Neill
Director	Andrew Purcell

AJL Nominees at Cuadrilla Board	
Chairman	Roy Franklin
Director	Ivor Orchard
Director	Phil Arnall

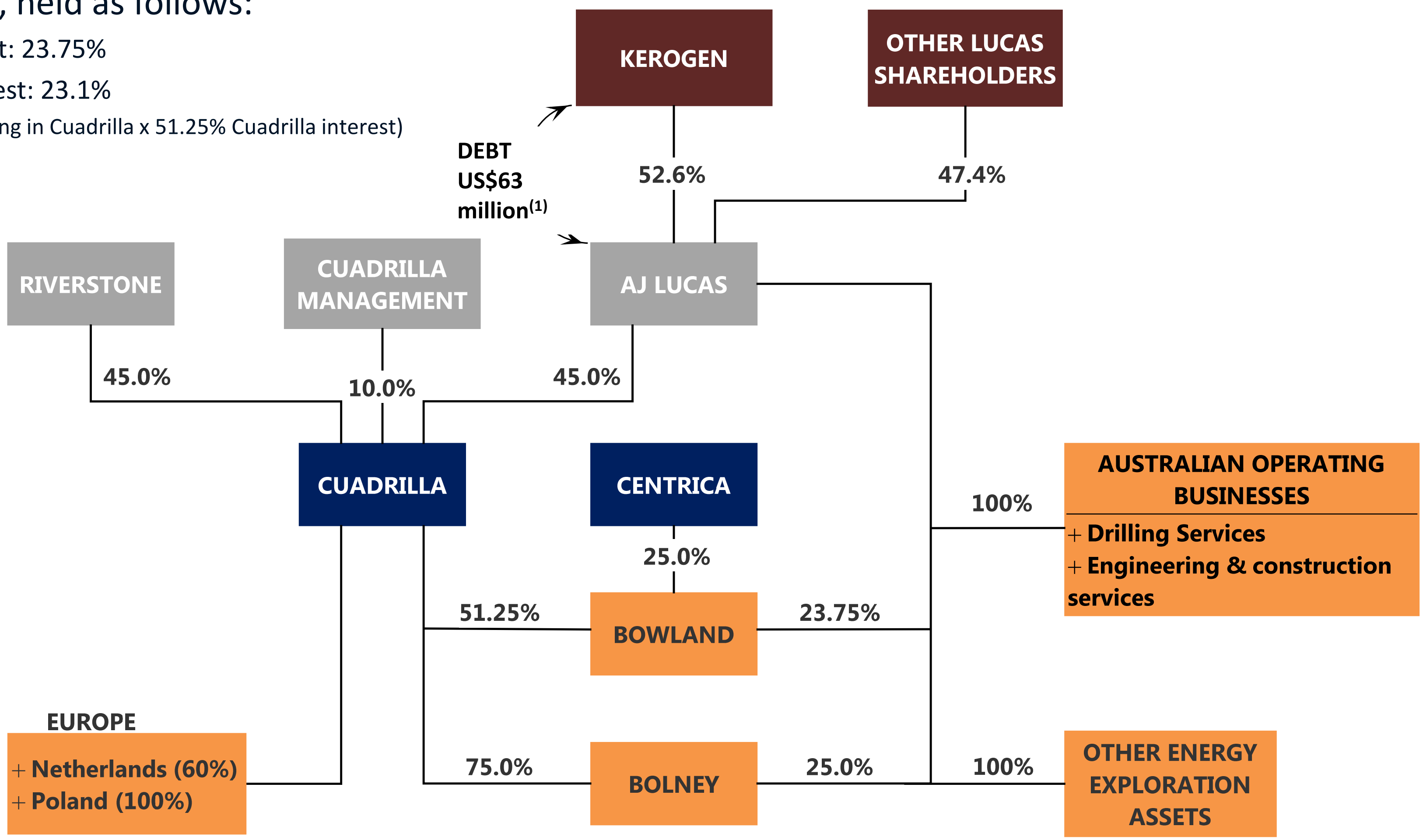
Key financials	
Market Cap as at 31 December 2015 (s/p 35¢)	A$94 million
Total Debt	A$116 million
Enterprise Value	A$210 million
Underlying Group EBITDA 30 June 2015A (full year)	A$9 million
Underlying Group EBITDA 31 December 2015A (half year)	A$8 million

*2015 Annual Report

AJL & Cuadrilla corporate structure

AJL has an effective 46.8% interest in the Bowland asset, held as follows:

- Direct interest: 23.75%
- Indirect interest: 23.1%
  (45% shareholding in Cuadrilla x 51.25% Cuadrilla interest)

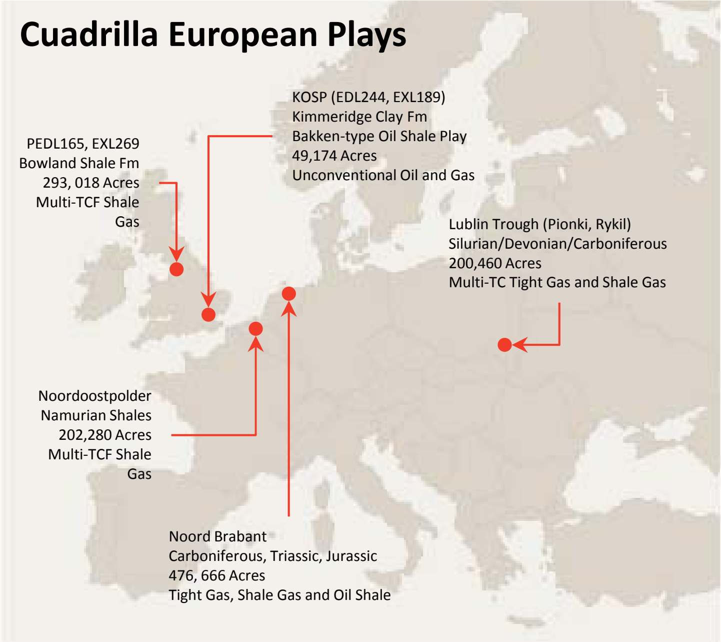


(1) Aggregate amount due under Senior Secured USD Facility as at 29 February 2016, including principal and interest

OIL & GAS INVESTMENTS

AJ Lucas E&P investment history

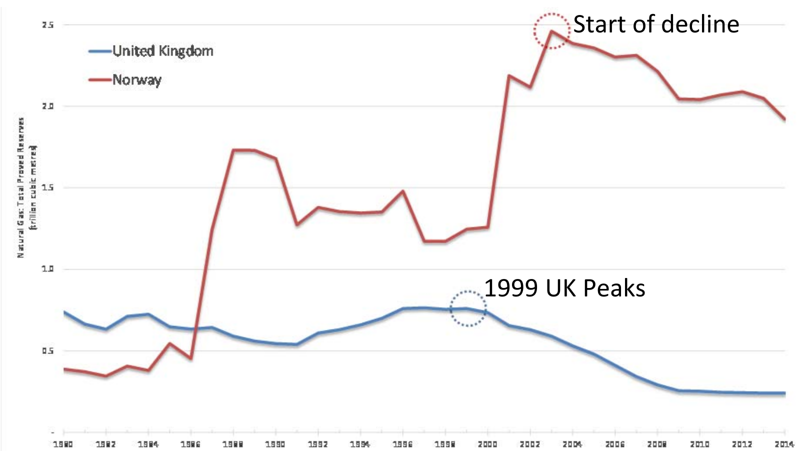
- Major integrated unconventional player in Europe.
- Early involvement in unconventional plays resulting in largest acreage position outside of majors.
- History of investment in Bowland licence, UK
  - Acquired initial acreage in 2007.
  - Riverstone initial investment of US$58 million in February 2010.
  - Key well drilled in 2011 which flowed gas.
  - Centrica farm-in for 25% for up to GBP160 million in June 2013.
  - Internal gross estimates of up to 330tcf GIIP (Gas-Initially-In-Place).
  - Key appraisal programme planned for 2016-17, subject to approvals, for Preston New Road and Roseacre Wood.



UK gas & Bowland shale

UK domestic supplies are dwindling

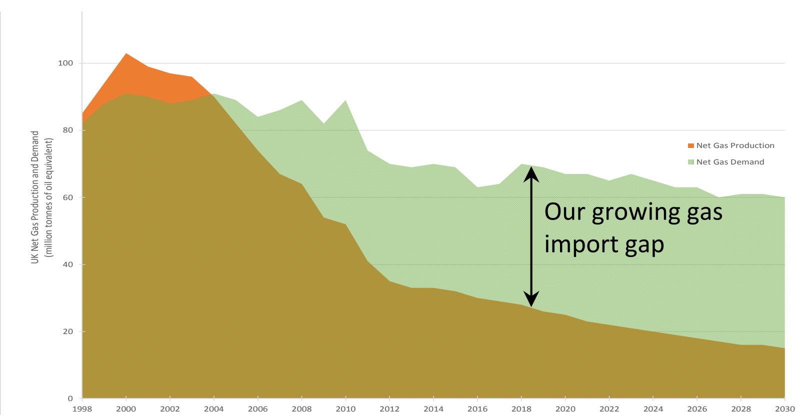
(So are Norway's, a major supplier to the UK)[1]



North of England Bowland shale offers UK a huge gas potential

- "The lower limit of the range is 822 tcf and the upper limit is 2,281 tcf, but the central estimate for the resource is 1,329 tcf".[2]
- 10% recoverable of energy estimate can provide energy security for c. 100 years in the UK.

Potential of Bowland for Domestic UK Gas[3]



Bowland Shale Profile

- Over 1000m (>3300 ft) thickness of shales and associated lithologies.
- Very close to pipeline infrastructure. The UK has an extensive pipeline network which will facilitate speedy and cost efficient commercialization of any gas discovered.
- 1000s feet below aquifers
- The shale strata are located several thousand feet below the level of aquifers.

[1] BP Statistical Review of World Energy, 2015; [2] BGS/DECC Bowland Shale gas study, 2013; [3] UKCS Oil and Gas Production Projections, DECC, 2015

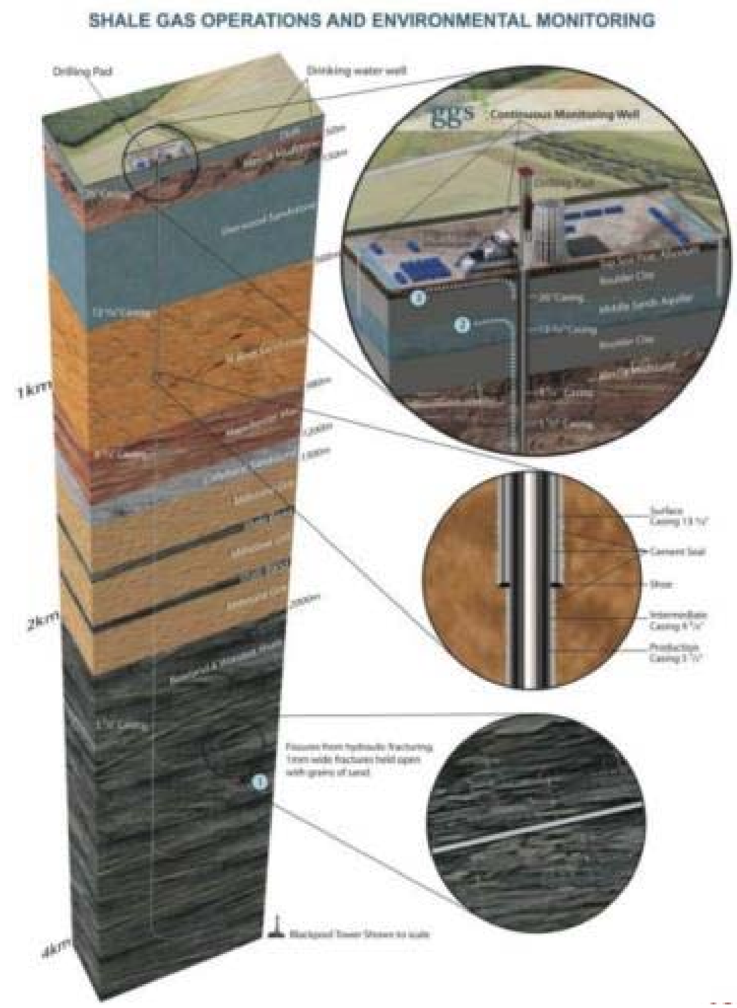
Bowland shale

Preese Hall pad site – limited footprint

Shale cores takes by Cuadrilla

Bowland shale in context

Up to 4kms in depth



Bowland farm-in transaction

Centrica Farm-in – June 2013

- In June 2013, AJL and Cuadrilla announced the sale of a combined 25% interest in Bowland to Centrica plc in return for staged payments and carry totalling up to GBP160 million.
  - AJL's effective interest in Bowland was reduced from 59% to 44% (18.75% held directly and 25.3% via Cuadrilla).
- In consideration for the 25% stake, Centrica agreed to:
  - Make an upfront payment to Cuadrilla /AJL of GBP40 million.
  - Fully carry the next GBP60 million of expenditure at Bowland.
  - Make a contingent milestone payment of GBP60 million, payable in cash, subject to achieving operational milestones.

Revised Centrica Farm-in – August 2015

- In August 2015, Centrica, AJ Lucas and Cuadrilla announced the following revised amendments to the farm-in:
  - The unspent portion of Centrica's GBP60 million carry would be deferred until planning approval for either of the appraisal sites at Preston New Road or Roseacre Wood is obtained (as at 31 December 2015, GBP30.6 million of carry was remaining).
  - In the interim, until determination of the planning appeal, the Bowland Joint Venture partners will fund operations pro-rata in proportion to their respective interests.
  - The Contingent Consideration payable by Centrica of GBP60 million would be converted into a GBP46.7 million Contingent Carry to be applied against various appraisal and development activities.

Increase in AJL direct interest – August 2015

- Concurrent with the revised Centrica Farm-in, AJ Lucas increased its interest in Bowland by 5.00% from 18.75% to 23.75%
- Cuadrilla reduced its interest from 56.25% to 51.25% whilst maintaining majority ownership and operatorship
- This increased AJL's effective interest in Bowland from 44% to 46.8% (23.75% held directly and 23.8% via Cuadrilla).
- AJ Lucas's entitlement to the remaining carry and contingent Carry was reduced proportionately.
- Post transaction, AJ Lucas is responsible for funding its 23.75% direct interest and has a net share of the remaining carry of c.US$2 million.

[1] Effective interest at 30 June 2015 based on AJL's shareholding in Cuadrilla plus direct holding in the Bowland licence; [2] Assumes 1.55 USD/GBP

UK regulatory environment

UK Regulatory Environment

- A number of bodies oversee shale gas regulation in the UK.
  - Department for Energy and Climate Change (DECC)
  - Department for Local Communities
  - Health and Safety Executive (HSE)
  - Environmental Agency (EA)
  - Local County Councils
- These bodies are ultimately accountable to the UK Government
- For the Preston New Road and Roseacre Wood applications,
  - Cuadrilla produced a comprehensive Environmental Impact Assessment (EIA) in conjunction with ARUP (specialist engineering firm); and
  - Have received all permits required from the EA in early 2015
- Cuadrilla is also a DECC approved operator and has a continuous close relationship with the HSE

Temporary shale gas exploration at Roseacre Wood – planning application

Lancashire County Council - Appeal

- In June 2015, Lancashire County Council (**LCC**) rejected Cuadrilla's application for appraisal sites (Preston New Road and Roseacre Wood)
- This was despite the advice of LCC's own Planning Officer advice who recommended approval for Preston New Road
- In July 2015, Cuadrilla formally appealed LCC's decision. A planning inquiry is currently being held by the UK's Planning Inspectorate and will conclude on 11 March 2016
- In Nov 2015, the UK Secretary of State for Local Communities chose to "recover" Cuadrilla's appeal, meaning he will have final determination

Forward timeline

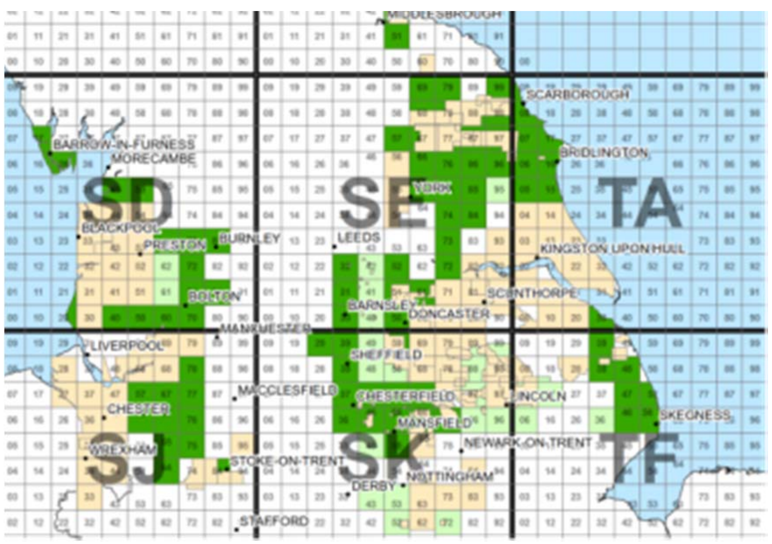
- After the planning inquiry concludes, the Planning Inspector will deliver a recommendation to the Secretary of State in Apr-May 2016
- The Secretary of State will then make a final decision at his discretion.
- It is anticipated the Secretary of State decision will be announced between May-Jun 2016

Awards from 14th Licensing Round

BGS estimates significant resource potential

- TIn June 2013, the British Geological Survey (**BGS**) in association with the Department of Energy and Climate Change (**DECC**) completed an estimate for the resource (gas-in-place) of shale gas in part of central Britain in an area between Wrexham and Blackpool in the west, and Nottingham and Scarborough in the east.
- **The central estimate for the resource was 1,329 trillion cubic feet (tcf) compared to the annual consumption to the UK of just over 3 tcf.**

Map of 14th round blocks



Cuadrilla was awarded 18 blocks in the 14th Round

- The 14th Licensing Round was announced on 17 December 2015 with the award of 159 new blocks under 93 new licences.
- Cuadrilla was offered 18 blocks under 8 licenses - 4 of which were offered on a sole basis and 4 with GDF Suez.
- These licences are:

Licences Awarded in 14th Round to Cuadrilla	
Cuadrilla:	**Cuadrilla & GDF Suez:**
• SE40f & SE50b	• SE74 & SE84
• SE87b, SE88c, SE97a & SE98c	• SE75
• TA07a &TA08	• SE85 & SE95
• TA16, TA17 & TA18	• TA05 &TA15

- In aggregate, the licences offered to Cuadrilla total approximately 1,274km^2 in area (similar size to existing Bowland licence).
- Final awards are expected Q2 2016.

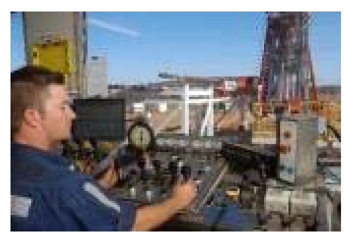
LUCAS DRILLING SERVICES (LDS)

Lucas Drilling Services (LDS) Overview

Business Highlights

- Largest drilling fleet servicing the coal sector in Australia.
- Leading contractor to all major mining houses.
- Leader in directional drilling and coal mine methane extraction.
- Full service offering to coal market including technical consultancy, exploration, production, directional, well design, steering services, completion, surface infrastructure, civil and construction.
- Long relationships with top tier, profitable mining houses.
- Proven and existing turnkey capability.
- Excellent safety record.
- Superior operating platform and reputation in plant, technical and efficiency delivery.

Financials metrics					
Year ended 30 June - $million	*2012A*	*2013A*	*2014A*	*2015A*	*HY2016A*
Revenue	190	163	94	84	38
Reported EBITDA	11	22	9	7	6



LUCAS ENGINEERING & CONSTRUCTION (LEC)

Lucas Engineering & Construction (LEC) Overview

Business Highlights

- Specialist civil engineering contractor focused on pipelines; a leader in Australia in horizontal directional drilling (**HDD**) and trenchless technologies for services to the resources, energy and water sectors.
- 20+ year relationship with Spiecapag, world's leading international pipeline and facilities specialist contractor.
- Market leading safety record
- Previous management strayed in general contracting and business lost its way as seen in the financials.
- Lack of focus and controls resulted in operational and financial issues prior to turnaround implemented by the new management team.

Financials and other key data					
Year ended 30 June - $million	*2012A*	*2013A*	*2014A*	*2015A*	*HF2016A*
Revenue	315	131	134	61	18
Reported EBITDA	(16)	(29)	(2)	7	5

Historic Balance Sheet Overview

Financial information
Year ended 30 June

Balance sheet summary	**2011 $M**	**2012 $M**	**2013 $M**	**2014 $M**	**2015 $M**	**HY2016 $M**
Cash	1.3	4.3	9.7	29.3	16.0	17.1
Receivables and inventories	114.1	113.0	68.8	48.4	40.3	24.7
Plant and equipment	136.9	133.6	110.0	79.1	53.2	44.9
Cuadrilla and exploration assets	60.6	89.7	102.1	98.3	120.5	126.6
Intangibles	112.9	67.6	39.5	0.0	0.0	0.0
Other	13.0	7.1	3.3	0.9	1.3	1.4
Total	438.9	415.3	333.3	256.0	231.3	214.7
Payables	88.4	120.3	61.7	45.2	37.4	25.4
Debt	112.5	133.1	89.1	58.0	73.6	83.8
Tax liabilitiy	53.6	32.7	39.5	38.1	35.8	32.8
Other liabilities	8.6	15.8	11.4	7.2	5.0	4.6
Total liabilities	263.0	301.9	201.7	148.5	151.8	146.7
Shareholder equity	175.9	113.4	131.6	107.5	79.5	68.0
Share capital other shareholders	91.9	138.8	275.6	339.7	339.7	339.7
Reserves	83.9	(25.0)	(144.0)	(232.2)	(260.2)	(271.7)
Total shareholder equity	175.9	113.5	131.6	107.5	79.5	68.0

Key Risks

Introduction

- As with all businesses, there are a number of factors that are specific to AJL and of a general nature that may have a material impact on AJL's future operating and financial performance. This Section describes certain specific areas that are believed to be risks associated with AJL and with an investment in the new shares being offered under the Entitlement Offer (**Offer Shares**).

- Each of the risks described below could, if they eventuate, have a material impact on AJL's operating and financial performance and on the market price of AJL's shares. These risk factors are not exhaustive. Whilst some of the risks identified can be mitigated by the use of safeguards and appropriate systems and actions, many of these risks are outside the control of AJL, the Directors and the senior executives of AJL.

- Risks have been outlined in three categories:
  - specific risks relating to investing in the Offer Shares;
  - general risks relating to the operating businesses of AJL and the markets in which they operate; and,
  - general risks relating to the investments of AJL.

Key Risks (continued)

Specific risks relating to investing in the Offer Shares

1. Market Conditions
   a) The market price of shares can fall, as well as rise, and may be subject to varied and unpredictable influences. Neither AJL nor the Directors warrant the future performance of the Offer Shares, AJL or any return on an investment in AJL.

2. Liquidity
   a) There can be no guarantee that an active market in the Shares on ASX will exist at all times. There may be relatively few or many potential buyers or sellers of the Shares on the ASX at any given time. This may increase the volatility of the market price. It may also affect the market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for Shares that is less or more than the Offer Price for Offer Shares.
   b) Liquidity in AJL shares has typically been low and there can be no assurance that liquidity will improve.

3. Future issue of securities of AJL
   a) It is possible that AJL may require further financing in addition to the amounts raised under the Offer. Any additional equity financing may dilute shareholdings, and any debt financing, if available, may involve restrictions on financing and operating activities. Any inability to obtain additional finance, if required, could have a material adverse effect on AJL's operations and its financial condition and performance.

Key Risks (continued)

Specific risks relating to investing in the Offer Shares (continued)

4. Kerogen Senior Facilities
   a) Kerogen has continued to support the company through agreeing to defer all interest payment due on the Loan Facilities since April 2015 until 30 September 2016.
   b) Quarterly interest obligations under the Kerogen facility, principal repayment is due at the expiry of the facility between January 2017 and February 2017.

5. ATO liabilities
   a) At 31 December 2015 the amount owing to the ATO is projected to be approximately $32.8 million. AJL has entered into a payment arrangement with the ATO to repay this amount in agreed instalments.
   b) While AJL considers that risk in relation to the ATO liabilities will be significantly reduced by the Entitlement Offer, a failure by AJL to comply with the payment arrangements agreed with the ATO could lead to enforcement or other actions which could have a material adverse effect on AJL's business, prospects or financial condition.

Key Risks (continued)

General risks relating to the operating businesses of AJL and the markets in which it operates

1. Commercial, financial and operational risks
   a) As a business operating in the engineering, energy, mining and infrastructure sectors, AJL faces general commercial risks, including the loss of major customers, competition and other causes of business interruption, each of which may have a material adverse effect on AJL. The development of new technologies which compete with AJL may also have a material adverse effect on AJL.
   b) As an engineering contracting and drilling services business, AJL is subject to, and seeks to manage, a number of contractual risks which include the following:
      - AJL's businesses enjoy a number of contracts with long-term customers and business relationships. If any of these key customers reduce exploration or production or terminate the relationship, or if potential contracts are not awarded, this may have an adverse effect on the financial performance and/or financial position of AJL;
      - for certain major projects, AJL may need to participate in joint ventures which can bring counterparty risks or may limit AJL's access to opportunities if suitable joint venture partners are not available;
      - contracts in the sectors in which AJL operates often contain penalty clauses and contractual disputes can potentially have a material adverse effect on AJL; and,
      - some projects depend on contractual rights to access sites owned or controlled by others and contractual disputes and other incidents affecting such access can cause disruption to AJL's operations.

2. Technical and other operational risks
   a) A range of factors may affect the investments of AJL, including, but not limited to, exploration, appraisal and production:
      - geological conditions;
      - unanticipated operating and technical difficulties encountered in seismic survey, drilling and production activities;
      - mechanical failure of operating plant and equipment; and
      - prevention of access by reason of community unrest, outbreak of hostilities, inability to obtain consents and approvals.

Key Risks (continued)

General risks relating to the operating businesses of AJL and the markets in which it operates (continued)

3. Resources sector risks
   a) The resources sector as a whole in Australia is facing difficult times for a number of reasons, including a softening of commodity and LNG prices on the back of lower demand from key markets such as China for iron ore and coal (in particular), general market sentiment for precious commodities such as gold because of concern about the strength of economies such as the United States and in the European Union, Paris COP21 Agreement, political uncertainty at the Federal level, business uncertainty because of taxes such as the Mineral Rent Resources Tax and the Carbon Tax and political and legislative uncertainty at State levels because of responses of government to environmental and other concerns around drilling and fracking. Industry participants such as producers, explorers and governments are responding to the difficulties by reducing or delaying levels of construction, exploration and production activity which potentially has a material adverse effect on the levels of work that contractors such as AJL are able to win and has and may again lead to existing contracts being reduced in scope or cancelled. In turn, if this significantly impacts cash produced by the business, this may increase AJL's need to source external funding to meet Cuadrilla's requirements.

4. Counterparty (client) payment risk
   a) In the ordinary course of business, AJL extends credit terms and relies on its clients for payments. Should a client enter financial distress or become insolvent, AJL may not be paid for work completed. Should a project cease mid-construction, AJL may find itself with an unexpected under-employed workforce to manage. Preliminary works on some projects are commenced prior to formal contracts being signed.
   b) AJL maintains provisions for bad and doubtful debts which are regularly reviewed. If these provisions are inadequate, or a bad debt arises during a period for which no provision has yet been made, there may be an adverse impact on AJL's financial performance and position.

Key Risks (continued)

General risks relating to the operating businesses of AJL and the markets in which it operates (continued)

5. Project based sales revenue
   a) A significant proportion of AJL's revenue and earnings is sourced from specific projects. These may not be repeated or offer recurring revenue following the end of the project's finite life. The number of projects awarded to AJL may also vary in number and value from year to year. AJL's operating and financial performance is partly dependent on its ability to win work and secure sufficient projects within contemplated timeframes. Failure to do so may have a significant impact on financial performance and any forecast earnings.

6. Project delays
   a) Delays to the commencement or completion of work on projects have occurred from time to time and may occur in the future due to a variety of reasons, including general market down-turns, reductions in commodity prices, commercial factors/client delays, changes in the scope of work, legal issues, supply of labour, scarcity of quality materials and equipment, lower than expected productivity levels, accidents, natural disasters, inclement weather conditions, land contamination, regulatory intervention, delays in necessary approvals, difficult site access and industrial relations issues.
   b) Delays may lead to cost increases, some or all of which may not be recoverable by AJL, and may also result in an obligation by AJL to pay compensation for late completion, often in the form of liquidated damages. Delays in the execution of projects may result in projects not achieving their forecast level of profitability.

7. Cost variation
   a) AJL regularly enters into contracts for construction and services projects following a competitive tendering process. Certain contracts entered into by AJL may be contracted on a fixed price basis with limited entitlements to price adjustments. Failure by AJL to properly assess and manage project risks may result in cost overruns which could cause the project to be less profitable than expected or loss making. If any of the above were to occur, there may be an adverse impact on AJL's future financial performance and financial position.

Key Risks (continued)

General risks relating to the operating businesses of AJL and the markets in which it operates (continued)

7. Cost variation (continued)
   b) Further, in some contracts, AJL assumes the risk that sub-contractors do not perform to their contracts. Although replacement sub-contractors can generally be appointed quickly, there is no assurance that their price will be the same as or lower than the original sub-contractor.

8. Unapproved contract variation
   a) In the ordinary course of business, AJL submits variation claims in relation to ongoing or completed projects in support of work that is out of scope from the original contract. These variation claims involve negotiation with contractual counterparties. The forecast assumes certain portions of variation claims submitted will be received.
   b) To the extent that AJL recovers less than expected on the variations, its financial performance may be materially adversely impacted.

9. Technical and other risks
   a) A range of factors may affect the investments of AJL, including, but not limited to, exploration, appraisal and production:
      - geological conditions;
      - unanticipated operating and technical difficulties encountered in seismic survey, drilling and production activities;
      - Mechanical failure of operating plant and equipment; and,
      - prevention of access by reason of community unrest, outbreak of hostilities, inability to obtain consents and approvals.

Key Risks (continued)

General risks relating to the operating businesses of AJL and the markets in which it operates (continued)

10. Additional Funding Requirements and Financing Risk
    a) Following the Offer the Company's ability to service its debt will continue to depend on its future performance, which may be affected by many factors, some of which may be beyond AJL's control and that of the Directors. Any inability of AJL to service its debt may have a material adverse effect on AJL.
    b) The inability to obtain additional finance from capital markets, if required, could have a material adverse effect on AJL's operations and its financial condition or performance.

11. Material Contracts
    a) A number of AJL's drilling contracts contain a right for the customer to terminate the contract at their convenience by providing notice to AJL. Under such arrangements, the customers are not required to state a reason for such termination nor are they required to attribute termination to any breach by AJL.
    b) The termination of any drilling contracts could have a material adverse effect on AJL's revenue.
    c) AJL is tendering for various new contracts and extensions to existing contracts. If AJL is unsuccessful in its tender activity or is unable to extend the terms of its existing contracts, this may have a material adverse effect on AJL's revenue.

Key Risks (continued)

General risks relating to the operating businesses of AJL and the markets in which it operates (continued)

12. Environmental
    a) Environmental laws and regulations in Australia and abroad can affect the operations of businesses, including AJL and entities in which it has an interest. These regulations provide penalties or other remedies for any violation of laws and regulations and, in certain circumstances, impose obligations to undertake remedial action. In common with other businesses in the energy, resources and infrastructure sectors, there is a risk that significant damages or penalties might be imposed on AJL or an entity in which it has an interest, including for certain discharges into the environment, effects on employees, sub-contractors or customers or as clean up costs.

    b) Private entities, including the owners of properties upon which AJL's wells (or the operations of an entity in which AJL has an interest) are drilled and facilities where AJL's waste materials are taken for reclamation or disposal, may also have the right to pursue legal actions to enforce compliance as well as to seek damages for non-compliance with environmental laws and regulations or for personal injury or property damage. In addition, the risk of accidental spills or releases of gas or hazardous materials could expose AJL to significant liabilities. Any significant increase in the costs of compliance with, or the liabilities and costs associated with any failure to comply with, environmental and operational safety laws and regulations could have a material adverse effect on AJL's business, prospects, financial condition or results of operations.

Key Risks (continued)

General risks relating to the operating businesses of AJL and the markets in which it operates (continued)

13. Natural disasters and seasonal weather conditions
    a) Some of the areas in which AJL has operations, particularly its drilling operations in Queensland, may be adversely affected by seasonal weather conditions. AJL is seeking to incorporate, and in some cases has incorporated wet weather standby payments to mitigate risks associated with wet weather events, thereby underpinning the revenue stream. The impact (directly or indirectly) of events beyond AJL's control may adversely impact AJL's operational and financial performance.

14. Availability of skilled employees, equipment and resources
    a) AJL operates in sectors which are technically demanding and utilise a range of specialised equipment. To operate effectively, the business needs to continue to source and commission new equipment as well as recruit, train and retain skilled employees to operate the specialised equipment. The availability or supply of skilled personnel and the necessary equipment can be relevant to AJL's future financial performance and growth. The drilling industry in which AJL drilling division operates is capital intensive. The operating and financial performance of that division is partly reliant on adequate capital investment. AJL's capital expenditure requirements may impact the cash flow available to service financing obligations and pay dividends. Incurred capital expenditure may or may not deliver the expected operational benefits and may have a material adverse effect on AJL.

15. Reliance on suppliers and sub-contractors
    a) Like other companies, AJL relies on various suppliers and sub-contractors for the provision of the services that it provides to its customers.

Key Risks (continued)

General risks relating to the operating businesses of AJL and the markets in which it operates (continued)

16. Reliance on Key Personnel
    a) Like other companies, AJL's performance is dependent on the ability of its senior executives and key personnel to manage and grow its business and respond to customers' needs. The loss of the services of its senior executives or key personnel, or a loss of the ability to continue to attract and retain qualified and competent employees, could have a material adverse effect on AJL's operations and financial results. Continuity and retention of staff is important for customer retention and ongoing customer negotiations. A change of staff or resourcing issues could affect ongoing relationships with various parties connected to AJL.

17. Increased or new competition
    a) In common with many other companies, AJL faces competition in its businesses. To the extent that there are new entrants or changes in strategy by competitors, AJL may lose market share with consequent adverse effects upon operating and financial performance. In addition, consolidation within the industries in which AJL operates is possible, which may adversely affect AJL's competitive position.

18. Reputation and goodwill
    a) There is significant goodwill vested in the "Lucas" trademark which may be adversely affected in a number of circumstances, including major breaches of workplace safety, litigation or accidents. Where such circumstances become known in its markets, there is a risk that AJL's goodwill may be damaged, including goodwill arising from AJL's reputation as a reliable and safe service provider. In addition, as with any listed company, AJL's share price may be affected by market sentiment.

Key Risks (continued)

General risks relating to the operating businesses of AJL and the markets in which it operates (continued)

19. Labour disputes
    a) If any material disputes were to arise between AJL and its employees or sub-contractors, there would be potential for disruption to the operations of AJL. Any disruption may increase labour costs and availability and adversely impact revenue and profitability.

20. Litigation and legal risks
    a) Litigation risks to AJL include, but are not limited to, claims from various parties, including employees, suppliers, customers and other contractual counterparties, government and special interest groups, as well as claims in relation to environmental matters, accidents and other commercial matters. To the extent that such risks are not covered by insurance, then any of an adverse outcome in litigation, the cost of responding to potential, threatened or actual litigation or the disruptive effect of disputes may have a material adverse impact on the financial performance of AJL.

21. Occupational Health and Safety
    a) AJL's operations are subject to a wide variety of stringent and complex law, regulations and permit requirements, many of which relate to the protection of human health, safety and the environment. The laws and regulations exist at the local, state, national and supranational levels. AJL manages risks associated with the occupational health and safety of its employees, sub-contractors and others. It is possible for incidents resulting in injuries to occur which may result in expenses which are not covered by insurance or which are in excess of the amount insured or provided for, with a resultant impact on AJL's earnings.

Key Risks (continued)

General risks relating to overseas investments

22. Regulatory risk
    a) AJL has an interest in a number of assets that are located in different jurisdictions. Accordingly, such assets are subject to risks particular to its location, such as changes in laws, practices and policies in the relevant jurisdiction, including laws that deal with overseas investments.
    b) In particular, there may be considerable resistance from the public or legislators or both in a region to certain exploration and development activities, particularly drilling and fracking, arising in connection with, for example, environmental sensitivities and concerns about pollution, concerns about the potential effects of fracking on aquifers or earth tremors and concerns about the impact of large scale drilling operations on landscapes, which may result in the suspension of activities, increasing regulations imposed on the activities, delays or cost increases.

23. UK regulatory risk
    a) As stated in this document, in June 2015 the Lancashire County Council (**LCC**) rejected Cuadrilla's application for appraisal sites (Preston New Road and Roseacre Wood) at the Bowland licence. This was despite the advice of LCC's own Planning Officer advice who recommended approval for Preston New Road. In July 2015, Cuadrilla appealed LCC's decision and since then the UK Secretary of State for Local Communities has recovered the appeal, meaning he will have final determination.
    b) In the event the appeals are unsuccessful – and the UK Secretary of State does not give approval – this may have a material adverse effect on the value of AJL's investment in Cuadrilla and the value of AJL's direct interest in the Bowland basin.
    c) Even in the event the appeals are successful - and the appraisal programme proves commerciality - further regulatory approvals will still be required to commence production and move forward with a larger development of the Bowland shale gas resource.
    d) There may be considerable resistance from significant sections of the public to Cuadrilla AJL's exploration and development activities, particularly drilling and fracking.
    e) Oil and gas tenements are issued by the UK government on terms and conditions set out in each license. Such terms typically require a tenement holder to relinquish a certain percentage of the license area at set times.

Key Risks (continued)

General risks relating to overseas investments (continued)

24. Inability to meet exploration licence funding obligations - AJL *Direct* Interests
    a) AJL has the following direct and indirect interests in the Bowland (PEDL 165) and Weald (PEDL 244) licences
       - "**Direct Interests**": PEDL 165 – 23.75% interest; PEDL 144 – 25% interest;
       - "**Indirect Interests**": held via AJL's 45% voting interest in Cuadrilla; Cuadrilla has a 51.25% interest in PEDL 165 and 75% interest in PEDL 244.
    b) As the operator of the PEDL 165 and PEDL 244 licences, Cuadrilla is entitled, under the joint operating agreements between the owners of the licences, to determine the budget for exploration of these areas. If AJL fails to make its required contributions to project expenditures in a timely manner, it is exposed to the risk that it may lose its Direct Interests in these licences by way of the forfeiture provisions under the joint operating agreements that govern the joint ventures.
    c) AJL currently has c.$2 million of remaining carry payable from Centrica applicable to its 23.75% interest in PEDL 165. This carry can be used against operational expenditure. Beyond this amount, AJL is required to fund its 23.75% share of expenditures.

25. Lucas Cuadrilla's inability to meet funding obligations - AJL *Indirect* Interests
    a) Under the Cuadrilla Shareholders Agreement, AJL may be called upon to make further capital contributions to Cuadrilla. If AJL is not able to meet its equity funding obligations in Cuadrilla, it is likely that its ownership in Cuadrilla would be diluted, affecting the value of its shareholding in Cuadrilla.

26. Cuadrilla funding
    a) In the event that Cuadrilla is unable to raise funding, as required, from its shareholders (AJL, Riverstone and Cuadrilla management) or other sources, it may not be able to take the required actions to execute its development plans for its key assets (notably, Bowland) and exit strategy, either in part or at all. This may affect the value of AJL's shareholding in Cuadrilla and possibly the value of AJL's Direct Interests.

Key Risks (continued)

General risks relating to overseas investments (continued)

27. Inability to recover unconventional hydrocarbons
    a) Cuadrilla's ability to develop its concessions for unconventional hydrocarbons depends not only upon the presence of significant in-place hydrocarbon resources in Cuadrilla's concession areas, but also on the ability of Cuadrilla to recover those resources in a commercially viable manner. There can be no guarantee that Cuadrilla will be able to recover any hydrocarbons in its concession areas or that it will be able to do so at a cost that makes production commercially feasible, in which eventuality may lead to the loss of the Contingent Carry from Centrica.
    b) There has been, as yet, no commercial production of unconventional hydrocarbons in any of the countries in which Cuadrilla operates, whether by Cuadrilla or by any other party. The data provided by the initial seismic appraisals, drilling and testing of vertical wells (which has not been carried out so as to generate a continuous flow of gas over an extended period of time) and other exploration activities undertaken to date are insufficient at this stage to evaluate the likelihood of commercial recovery of unconventional hydrocarbons.
    c) Further drilling and production testing of horizontal wells will be necessary before Cuadrilla is able to make an estimate of recoverable volumes in any of its concessions and it is possible that such further drilling and production testing may not yield positive results.
    d) There is a risk that unconventional hydrocarbons extraction and recovery may not be feasible at all in Cuadrilla's concessions with existing technology due to technical complications arising from factors such as rock properties, reservoir pressure, fracture complexity and conductivity and other factors specific to the shale plays within Cuadrilla's concession areas.
    e) Further, even if recovery of such hydrocarbons is technically feasible in Cuadrilla's concessions, there is a risk that it may not be commercially viable due to the costs of the technology, drilling, equipment and other resources needed to extract the hydrocarbons from the reservoirs, all of which will depend to a significant extent on the specific conditions of each particular reservoir.
    f) Commercial extraction of hydrocarbons will also depend on installation of infrastructure which will require Cuadrilla to obtain additional regulatory approvals.

LUCAS

Key Risks (continued)

General risks relating to overseas investments (continued)

27. Inability to recover unconventional hydrocarbons (continued)
    g) The commercial viability of any particular unconventional reservoir will be largely a function of the prevailing prices for oil and natural gas compared to the costs of extracting hydrocarbons from that reservoir and a higher cost base for a particular reservoir, whether due to its particular geophysical qualities or otherwise (including installation of gathering pipelines and related investments necessary to install any required supply infrastructure) that could make profitable extraction from such reservoir impossible.
    h) If Cuadrilla is unable to recover hydrocarbons from its concessions at all, due to geological factors or technical infeasibility, or if it is able to recover hydrocarbons only at a cost which makes production commercially unviable, this may have a material adverse effect on the value of AJL's investment in Cuadrilla and the value of AJL's direct interests in the Bowland basin and the Weald basin.

28. Risks relating to the unconventional hydrocarbon sector
    a) AJL has domestic and international operations in the unconventional hydrocarbon sector. Any variance in the level of activity in these sectors may have an adverse effect on results and the factors influencing that variance may be beyond the control of AJL.
    b) These factors vary, but can include:
        a) the legal and regulatory regimes governing the production of shale energy are subject to change;
        b) energy exploration, especially in relation to unconventional resources such as shale gas, is speculative, capital intensive and can result in complete loss of capital;
        c) a substantial or extended decline in gas prices may adversely affect AJL's business prospects, financial condition and results of operations; and,
        d) Technical and other risks.

Key Risks (continued)

General risks relating to overseas investments (continued)

29. A range of factors may affect the investments of AJL (including Cuadrilla), including, but not limited to, exploration, appraisal and production:
    a) geological conditions;
    b) unanticipated operating and technical difficulties encountered in seismic survey, drilling and production activities;
    c) mechanical failure of operating plant and equipment;
    d) prevention of access by reason of community unrest, outbreak of hostilities, inability to obtain consents and approvals; and
    e) AJL or its investee companies do not own the land on which it operates.

30. Risk Mitigation
    a) AJL has established systems of risk management and internal control. These systems are designed to assist in managing the operational risks associated with its business.

Foreign Jurisdictions

European Economic Area (EEA)

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a "**Relevant Member State**") an offer to the public of any entitlements or the New Shares may not be made in that Relevant Member State, except that the entitlements or the New Shares may be offered to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to any legal entity which is a qualified investor as defined under the Prospectus Directive;
- by the Underwriter to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the entitlements or the New Shares shall result in a requirement for the publication by AJ Lucas or the Underwriter of a Prospectus pursuant to Article 3 of the Prospectus Directive and each person who initially acquires the entitlements or the New Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with the Underwriter and AJ Lucas that it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

AJ Lucas, the Underwriter and their affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement, and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Underwriter of such fact in writing may, with the consent of the Underwriter, be permitted to subscribe for or purchase the entitlements or the New Shares.

Hong Kong

WARNING: This document has not been, and will not be, authorized by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorize this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the entitlements and the New Shares have not been and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" (as defined in the SFO and any rules made under that Ordinance); or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the entitlements and the New Shares has been or will be issued, or has been or will be in the possession of any person for the purposes of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the entitlements or the New Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that Ordinance.

Foreign Jurisdictions

United Kingdom

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the entitlements or the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to AJ Lucas. All applicable provisions of FSMA with respect to anything done in relation to the entitlements or the New Shares in, from or otherwise involving the United Kingdom have been complied and will be complied with.

United States

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 (the "**US Securities Act**") or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, any person in the United States, except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

Glossary

Term	Meaning
AJL	AJ Lucas Group Limited
ASIC	Australian Securities and Investment Commission
ATO	Australian Tax Office
GBP	British Pound, the lawful currency of the United Kingdom.
M	millions
Tcf	Trillion cubic feet (10^{12} cubic feet)