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A J Lucas completes sale of Engineering and Construction Business assets

AJ Lucas Group Ltd (**ASX: AJL**) (**AJ Lucas or the Group**) today signed an agreement to sell the fixed assets of its Engineering and Construction (E&C) business to Spiecapag Australia Pty Ltd. The Group announced earlier this year that it was considering alternative proposals for the E&C business.

The sale, combined with proceeds from the completion of legacy E&C projects and unwind of working capital associated with these projects, is expected to generate cash proceeds for AJ Lucas in excess of \$25 million over the remainder of the calendar year.

Chairman Phil Arnall said: "This sale represents the successful completion of strategic initiatives announced to the market at the beginning of 2018. Due to a combination of challenging market conditions and a lack of scale, the E&C business has struggled to generate satisfactory returns for AJL shareholders.

The Australian business now consists of our surface to in-seam drilling business servicing the East Coast Coal market in which we have a market leading position and from which we continue to generate attractive returns. The drilling business has performed very strongly this year on the back of a strengthening coal market and we see further upside from existing and new contracts."

For further information, please contact:

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