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AJ Lucas Refinances Senior Loan Notes

- Repayment of OCP Loan Note facility through two new long-term loan facilities
- Reduction in the cost of AJ Lucas' debt
- Debt to reduce over time in line with scheduled amortisation payments
- Significantly reduced exposure to fluctuations in AUD:USD exchange rate

AJ Lucas Group Limited ("**AJ Lucas**" or the "**Company**") (ASX: AJL) is pleased to announce it has signed agreements for two new debt facilities, the proceeds of which will be used to fully repay the existing US dollar denominated Loan Note facility held by certain funds managed by OCP Asia (Singapore) Pte Ltd ("**OCP**") of US\$47.7 million (approximately A\$70.6 million), and to fund working capital for the Company's Australian Drilling Division.

The new facilities consist:

- a 3-year senior-ranking revolving asset based loan ("**ABL**") of up to A\$30 million provided by Investec Bank plc Australia Branch ("**Investec**"); and
- a 3.5-year junior-ranking A\$50 million loan note facility ("**Junior facility**") arranged by members of the HSBC Group ("**HSBC**") as lenders.

The new facilities are Australian dollar denominated which, given the earnings from our Australian drilling operations, will substantially reduce the Company's foreign exchange exposure. The Junior facility principal will amortise from A\$50 million to A\$24 million over the 3.5 year life of the loan, and the balance will be fully repayable at maturity.

The two facilities have a weighted-average nominal annual interest rate of approximately 11% assuming they are fully drawn. This is expected to result in an initial saving in financing costs of approximately A\$5 million.

Concurrent with the refinancing, Kerogen Investments No.1 Limited ("**Kerogen**") has agreed to extend the maturity of its subordinated loan facility to six months after the later of the full repayment of the Junior facility and the maturity date of the ABL.

Commenting on the successful refinancing, AJ Lucas Chairman, Phil Arnall, said: "The refinancing agreements with two global banking institutions significantly improve the Company's financial position and reduce our cost of financing and exposure to currency risk. This has been made possible through the excellent performance of the Australian Drilling Division over the last two years, and the expectation of continued operational success supported by a buoyant metallurgical coal market."

For further information, please contact:

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