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Australian Stock Exchange Limited
Via Electronic Lodgement

GORO NICKEL PROJECT UPDATE AND EARNINGS IMPACT

The Company advised on 4 April 2006 that Goro Nickel had declared force majeure in relation to the Yaté Water Pipeline Project. Subsequently, discussions have been held regarding the re-continuation of this project.

Goro Nickel intends to complete the project, having already incurred a substantial amount of the total cost of the development. Recommencing the project revolves around the ability to guarantee its security. In this connection, discussions between the relevant parties (including the French government) are ongoing.

A decision has been taken to resume "critical activities" and areas of work where security can be provided i.e. within the plant site perimeter. As a consequence, Lucas has recommenced work on a minor scale but it is unlikely to recommence works on the pipeline until June/July 2006.

Given the nature of the work and the project stage of completion when the order to cease activities was issued, together with the earnings recognised by Lucas when operations were suspended, it is likely that Lucas will not generate any material revenue from this project during Q4 of fiscal 2006.

Having regard to this, and taking into account slippage on commencement of two large drilling projects, Lucas' profit for the financial year 2006 will be adversely affected. Consequently, the Company is now forecasting earnings before interest and tax in the region of \$5 million for this financial year.

It should be noted that the downgrade in earnings expectations results from the temporary cessation or short term delays in the commencement of projects, and not their deferment or cancellation. In all other aspects, the Company is pleased with its development during 2006.

For further information, please contact Allan Campbell, Chief Executive Officer on 02 9809 6866.

A handwritten signature in black ink, appearing to read "Allan Campbell".

Allan Campbell
Chairman & Chief Executive Officer

About AJ Lucas Group Limited

AJ Lucas is Australia's leading specialist infrastructure services provider. It is the country's largest builder of long distance gas pipelines and a world leader in horizontal directional drilling, an advanced technology for the installation of underground conduits without excavation. Other divisions provide gas management services to the coal industry, construction, civil and property services.

