

AJ LUCAS COMPLETES \$25 MILLION REFINANCE

AJ Lucas Group Limited ("Lucas") today announced it had agreed to issue \$25 million of unsecured redeemable convertible notes ("New Notes") to clients of Tricom Equities Limited. The monies raised will be used to:

- Repay the Company's existing \$10 million of unsecured redeemable convertible notes which mature in December 2007;
- Provide capital for exploration and development expenditure at the Company's coal seam gas prospect at Gloucester Basin, and
- Provide additional working capital for the Company.

The New Notes will be issued to professional investors and have an annual coupon of 10.0%, a term of three 3 years and are convertible into AJ Lucas ordinary shares after one year a 15% discount to the then market price subject to a floor price of a \$1.65 per share. Alternatively, in the event that Lucas decides to spin off and list its equity interests in coal seam gas assets including the Gloucester Basin project, the New Notes can be converted into shares in the new entity at a 15% discount to the Initial Public Offering price.

The New Notes will be issued into two tranches, the first for \$10M being equivalent to the notes being refinanced for which shareholder approval is not required. The balance of \$15M (Tranche 2) is being issued subject to shareholder approval under ASX Listing Rule 7.1. This is required because if they were converted, this will cause shares in excess of 15% of the Company's share capital to be issued in a twelve month period for which share holder approval is otherwise necessary.

Share holder consent will be sought at the Company's next AGM proposed on or about 23 November 2007. If shareholder approval is not granted, the Company will repay New Notes issued under Tranche 2 together with interest.

Mr Campbell, Chief Executive of AJ Lucas, said "We are very pleased to have received such a strong support for the New Notes. It shows the favourable outlook for our business. Both our mining services and pipeline activities are experiencing strong demand. The New Notes will provide us with additional working capital to take advantage of these growth opportunities.

The additional capital will also greatly strengthen our balance sheet and improve our liquidity. Further, it provides us with the resources to accelerate our exploration expenditure at Gloucester Basin for which we have high expectations."

For further information, please contact Nicholas Swan, Company Secretary, on 02 9809 6866.

About AJ Lucas Group Limited

AJ Lucas is Australia's leading specialist infrastructure services provider. Activities include the construction of long distance gas pipelines, horizontal directional drilling, an advanced technology for the installation of underground conduits without excavation, drilling and gas management services to the coal industry, construction, civil and facilities management.