

GLOUCESTER BASIN UPDATE

AJ Lucas Group Limited ("Lucas") is the Operator of the Lucas / Molopo Joint Venture, the registered holder of PEL285, otherwise known as the Gloucester Basin. The Joint Venture is currently undertaking exploration activities with the objective of proving up a commercially recoverable coal seam gas resource at Gloucester Basin.

Lucas understands that investor interest in the coal seam gas sector, and the Gloucester Basin in particular, is responsible for the appreciable increase in the Company's share price during recent weeks. In this connection, the Company notes that its share price has increased from \$1.15 at 31st March 2007 to its price of \$1.59 today, an increase of 38%.

While Lucas considers that the Gloucester Basin project is highly prospective, it is premature to ascribe meaningful value to this asset at this early stage of its exploration and development. Coal seam gas exploration is highly speculative and even if the exploration activity is successful, the project is unlikely to produce a maintainable revenue stream in less than three years. Accordingly, investors (or prospective investors) in AJ Lucas are advised to act with caution if their investment in the Company is made predominantly because of its holding in the Gloucester Basin.

However, the Group's core business activities, predominantly pipeline construction and installation, drilling services to the coal and coal seam gas industries, and construction all continue to perform as expected and underpin the growth of the Company.

Investors in AJ Lucas should take all of these factors into account before making an investment decision and not just the Company's interest in Gloucester Basin, the outcome of which will be uncertain for some time yet.

AJ Lucas Group Limited
8 May 2007

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.