

For personal use only



157 Church Street
PO Box 675
Ryde NSW 2112
Australia
Tel + 61 2 9809 6866
Fax + 61 2 9807 6088
www.lucas.com.au

10 March 2008

Australian Securities Exchange Limited
Via Electronic Lodgement

Drilling update at Arawn in Canada

AJ Lucas recently announced an initial investment for a 60% shareholding in Arawn Energy Limited, a coal seam gas exploration company located in British Columbia in Canada, with a total investment commitment of \$C3.2 million. The other 40% is owned by noted coal seam gas authorities, Chris Cornelius and Dr Mark Bustin.

Following completion of farm-in negotiations with Encana Oil & Gas and Burlington Resources over 43,390 acres located near Fort St John in British Columbia, Arawn commenced drilling the two well farm-in obligations at the Grizzly Prospect in January 2008. The obligation wells have been designed incorporating the drilling of two partially cored production holes at a total cost of approximately \$2.5 million.

The initial well (C - 55B) has just been drilled to a total depth of 588 metres, the hole has been logged and a total of 40.28 metres of coal identified. The results from the initial test data are extremely encouraging and support the rationale behind the investment in this area. Initial coal desorption testing has been carried out and the results to date are also very encouraging. The second well at Grizzly (C - A - 43B) has been spudded and surface casing set and the rig released until access conditions improve. Analysis of the coal samples from C - 55B is currently being conducted as a pre-cursor to conducting permeability testing in the near future.

For further information, please contact Paul Bilston on 0402 060 405

A handwritten signature in black ink, appearing to read "N. Swan".

Nicholas Swan
Company Secretary

About AJ Lucas Group Limited

AJ Lucas is a leading provider of both specialist infrastructure and mining services. It is the leading supplier of drilling services to Australia's coal and coal seam gas industries. It is also Australia's largest builder of long distance gas pipelines. Other divisions provide gas management services to the coal and coal seam gas industry, construction, civil and property services.

AJ Lucas also has a significant coal seam gas portfolio with a 70% interest in PEL285 in the Gloucester Basin, a 15% shareholding in Sydney Gas Limited, 15% of ATP651 in the Surat Basin and a 60% shareholding in Arawn Energy Limited, which is currently drilling in British Columbia in Canada.

