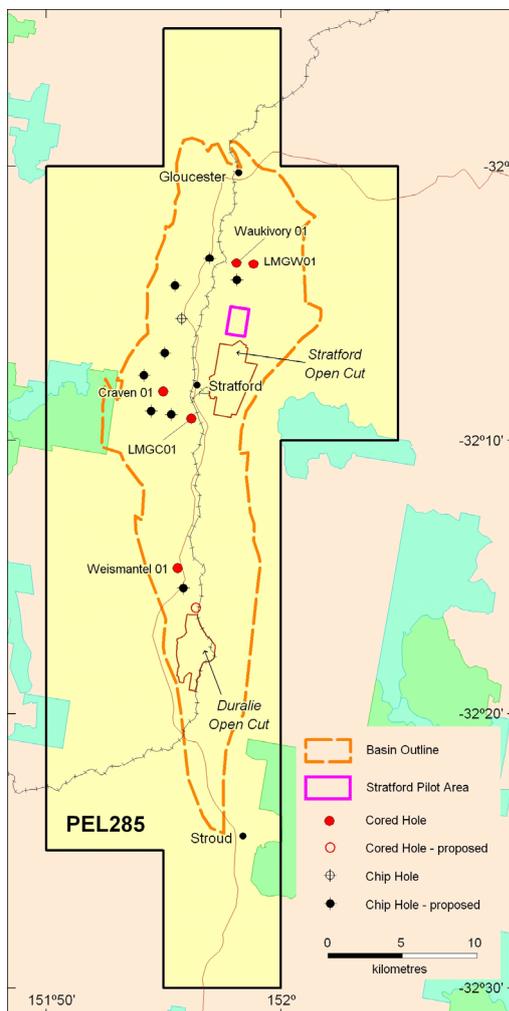


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Australian Stock Exchange Limited  
Via Electronic Lodgement

### Gloucester Basin Drilling Update



During the September quarter, the Lucas/Molopo Gloucester joint venture (A) Lucas 70%/Molopo 30%) focused on progressing the expanded Phase II Gloucester Basin appraisal programme, comprising the Stratford Production Pilot and the Gloucester Basin exploration drilling programme. The five well Stratford production pilot and the current exploration drilling programme comprising four part-cored and nine stratigraphic chip holes, have been designed by the Gloucester JV to establish reserves across the Gloucester Basin and to ascertain production capabilities prior to a development decision.

The promising LMG03 production test well was re-completed with a new progressive cavity pump and dewatering operations commenced on 28th August. In previous tests the unstabilised gas flow rates of 666,900scf/d from this well demonstrated the production potential of the Stratford Pilot area.

Drilling commenced on the first of four new production test wells on the Stratford Pilot in early September. Stratford #6 was drilled to 660m total depth on 13th September. Pre-collar drilling for the second production well Stratford #5 commenced on 26th September. Two additional wells Stratford 4 and Stratford 8 will be drilled prior to commencement of a fracture stimulation programme in November. Pilot production will be gathered at a central location to facilitate ease of expansion into an early production scenario if the results match the encouraging performance of the earlier pilot production in LMG03. A well redrill is under consideration.

It is anticipated that the new pilot production wells will be progressively placed on production test during November and December this year.

The first dedicated part-cored exploration hole Weismantel 01 tested the CBM potential of coal seams in the Dewrang Group below the highly prospective Gloucester Coal Measures in the southern part of the Gloucester Basin. The hole reached 703m after intersecting a thick, fractured coal seam from 697m to 701m. Seven coal cores were sampled from 459m to 701m. The raw gas content range is 4.3 m<sup>3</sup>/t to 12.6 m<sup>3</sup>/t and methane composition is in the range 93% to 96%. These results are very encouraging with respect to the CBM potential of this previously untested coal seam sequence.

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Drilling in Craven 01, the second part-cored hole, reached 707m and now awaits additional light weight drill rods to be secured to progress drilling to a target depth of 900m. The Craven hole is testing the prospective Gloucester Coal Measure sequence in the Central portion of the Basin. To date twelve coal cores less than 1.0 m thick, have been tested from 208m to 648m. Early results show high gas contents in the range is 3.3 m<sup>3</sup>/t to 22.1 m<sup>3</sup>/t and high methane composition up to 96%. The anticipated underlying thicker coal seams are yet to be drilled.

On 2nd August drilling commenced on Waukivory 01, the third part-cored hole. Thick gassy coals of the Gloucester Coal Measures have been intersected and sampled. The hole was suspended at 798m on 30th September and waits a larger rig to progress the hole to its proposed total depth of 1,000m.

The exploration drilling programme was accelerated in August with the mobilisation of a second rig to commence drilling the nine chip holes and also drill the Stratford production pilot wells. Drilling on the first chip hole Faulkland 01 commenced on the 8th of August. Faulkland 01 tested the CBM potential in the deeper far northwestern portion of the Gloucester Basin. The hole was drilled to 930m during the quarter, before being temporarily suspended short of its proposed total depth of 1,000m on 16th of August. While the full target sequence has not yet been drilled, only two thin seams warranted sampling for testing. Options to deepen the hole to assess the full sequence are under consideration.



Allan Campbell  
Chairman & Chief Executive Officer

#### **About AJ Lucas Group Limited**

AJ Lucas is a leading provider of both specialist infrastructure services 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.



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