



14 March 2011

AJ Lucas Group Limited
ABN 12 060 309 104
394 Lane Cove Road
Macquarie Park NSW 2113
Locked Bag 2113
North Ryde BC NSW 1670
T (02) 9490 4000
F (02) 9490 4200
www.lucas.com.au

ASX Announcement/Media Release AJ Lucas Sells Underground In-Seam Services Business

AJ Lucas Group Limited today announced it had entered into an agreement to sell its Underground In-Seam Services Business ("UIS Business") to Industrea Limited for \$25.5 million, equivalent to 4.8 times normalised 2011/12 EBITDA.

Formed in 2000, the UIS Business was founded off Lucas' Horizontal Directional Drilling capability. The Lucas drilling business has since diversified and grown in size to become the largest integrated drilling services provider to the coal and coal seam gas industries in Australia with 89 rigs in operation.

In recent times, Lucas has increasingly focused its drilling services activities on surface drilling and completion services with the underground drilling business now accounting for only approximately 5% of Lucas' drilling turnover.

Having regard to the mining services nature the UIS Business, Lucas has resolved to sell this business. The sale comprises 7 drilling rigs and 8 survey systems together with associated inventory. The business has 45 staff, all of whom have been offered employment by Industrea.

Mr Allan Campbell, Chairman and Chief Executive Officer of AJ Lucas, said: "The underground business is being sold because it is considered more of a mining services activity and therefore outside the Company's core drilling services capability. In addition, it will free up resources to focus on our surface drilling and well management activities."

"The sale proceeds will also strengthen our balance sheet and increase funding head room, both of which were impacted by the heavy rainfall at the end of last year."

"We are very pleased to have sold the business to Industrea which has an excellent reputation of servicing its clients."

Industrea Managing Director & CEO Robin Levison said: "The acquisition and integration of the UIS Business will augment Industrea's new Gas Management Division and allow us to provide a broader and enhanced gas management solution to both Australian and International clients, especially in China and Russia."

Completion of the sale is expected to occur on 15 March 2011.

For further information, please contact:

Brett Tredinnick
General Manager - Drilling
+61 7 3363 7333
+61 (0)409 809 014

Nicholas Swan
Company Secretary
+61 2 9490 4127
+61 (0)417 489 589

About AJ Lucas Group Limited

Lucas is a leading provider of specialist infrastructure and mining services and is the largest supplier of drilling services to Australia's coal and coal seam gas industries. It is also one of Australia's largest builders 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 is also a proven developer of unconventional hydrocarbon properties. Past projects successfully developed and exited include the Company's investments in Gloucester Basin, Sydney Gas and ATP651 in Queensland's Surat Basin.

