



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

29 December 2011

Dear Shareholder,

Non-renounceable entitlement offer

As previously announced, a part of the Recapitalisation Proposal includes a 1 for 2 non-renounceable pro rata entitlement offer by AJ Lucas Group Limited (ABN 12 060 309 104) (**Lucas**) to raise approximately \$51.3 million (**Entitlement Offer**).

On 22 December 2011, Lucas announced that shareholders had voted to approve each of the resolutions in relation to the Recapitalisation Proposal at the Extraordinary General Meeting on that date. Accordingly, Lucas will now proceed with the Entitlement Offer.

Underwriting and Sub-underwriting of the Entitlement Offer

The Entitlement Offer is (subject to certain conditions) fully underwritten by Gleneagle Securities (Aust) Pty Limited (**Gleneagle**), and is sub-underwritten by Kerogen Investments No.1 (HK) Limited and Andial Holdings Pty Limited (an entity associated with Lucas' Chairman, Allan Campbell) (collectively the **Sub-underwriters**).

Gleneagle will receive an underwriting fee equal to 2% of \$51.3 million (**Underwritten Amount**) and a management fee equal to 3% of the Underwritten Amount. The Sub-underwriters will not receive a fee for their sub-underwriting.

Eligibility to the Entitlement Offer

The Entitlement Offer is only open to shareholders of Lucas who are registered as shareholders at 7.00pm on 6 January 2012 with registered addresses in Australia, New Zealand and Hong Kong. Shareholders with registered addresses outside of Australia, New Zealand and Hong Kong are considered ineligible shareholders and cannot participate in the Entitlement Offer.

Purpose of the Entitlement Offer

Lucas intends to use the net proceeds of the Entitlement Offer towards strengthening its balance sheet by paying monies owed to the Australian Tax Office and paying down debt.

Additional details

Full details of the Entitlement Offer are set out in the Prospectus dated 15 December 2011, which was lodged with the Australian Securities and Investments Commission and the ASX on that date. The Prospectus was also sent to shareholders on 19 December 2011 and is currently available from Lucas' website, www.lucas.com.au, or the ASX website, www.asx.com.au, by searching under Lucas' ASX code "AJL".

A copy of the Prospectus together with a personalised Entitlement and Acceptance Form (showing how many entitlement shares you are entitled to subscribe for) will be sent to shareholders on 9 January 2012.



Eligible shareholders' entitlements under the Entitlement Offer are non-renounceable and accordingly eligible shareholders may:

- take up their entitlements in full or in part;
- take up all of their entitlements and also apply for any additional entitlement shares in excess of their entitlements; or
- do nothing, in which case all of their entitlements will lapse.

Key Dates

Lodgement of Prospectus with ASIC and ASX	15 December 2011
Prospectus despatched to Shareholders	19 December 2011
EGM	22 December 2011
Appendix 3B notice sent to Shareholders and optionholders	29 December 2011
Securities quoted on an ex basis	30 December 2011
Record Date for determining Entitlements to Entitlement Shares	6 January 2012
Prospectus, Entitlement and Acceptance Forms despatched to Shareholders	9 January 2012
Opening Date	10 January 2012
Closing Date and latest time for receipt of Entitlement and Acceptance Forms and payment in full for Entitlement Shares	5 pm on 27 January 2012
Lucas notifies ASX of under subscriptions	1 February 2012
Allotment and issue of Entitlement Shares	6 February 2012
Entitlement Shares under Entitlement Offer expected to commence trading on ASX on a normal settlement basis	7 February 2012
Despatch holding statements for Entitlement Shares under Entitlement Offer	9 February 2012

The above dates are indicative only. Lucas reserves the right, subject to the *Corporations Act 2001 (Cth)* and the ASX Listing Rules, to extend the closing date or to withdraw the Entitlement Offer without prior notice.

You should consider the Prospectus carefully in deciding whether to participate in the Entitlement Offer, and if in any doubt, consult with your professional adviser.

Yours faithfully,

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

Nicholas JW Swan
AJ LUCAS GROUP LIMITED
Company Secretary