



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

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ASX ANNOUNCEMENT/MEDIA RELEASE
Appointment of new CEO, Board Changes and Business Outlook

- **Appointment of CEO and Managing Director**
- **Appointment of Non-executive Directors**
- **Strategic review of operations completed**
- **UK unconventional hydrocarbon investment proceeding to plan**
- **Market guidance confirmed**

AJ Lucas Group Limited (ASX:AJL) (**Lucas or the Company**) is pleased to announce the appointment of Mr Russell Eggers as Chief Executive Officer and Managing Director, effective immediately. His appointment follows a comprehensive executive search. Mr Arnall, who has filled the role of interim CEO since January, will now relinquish this role and revert to being non-executive Chairman.

The Company has also appointed two new non-executive directors, Mr Ian Meares and Mr Andrew Purcell. Mr Martin Green, Mr Mike McDermott and Ms Genelle Coghlan are all retiring from their directorships of the Company.

The Board and senior management changes are an integral part of a strategic review of the Australian operating businesses conducted over recent months. This exercise is now substantially complete and provides the Company with a clear program of initiatives which will focus on its core strengths, reduce costs and improve productivity.

Lucas' Chairman Mr Arnall said:

"Today's announcement is a significant milestone for the Company.

"Russell Eggers is an executive of high calibre. He has extensive knowledge of the value chain in the mining and energy industries, and considerable experience in turnaround situations. He brings the energy and expertise to lead Lucas through the next phase of its development.

"I am also pleased to announce the appointment of two new non-executive directors, Ian Meares and Andrew Purcell. Andrew and Ian bring commercial and corporate skills that will enhance the Board's leadership and corporate governance of Lucas.

"I would like to thank the retiring directors who have given many years of valuable service to the Company in very difficult circumstances. Martin Green has served as a director since the Company's IPO in 1999. Among his many duties he has been Chairman of the Company's Audit and Remuneration Committees.



“Mike McDermott was appointed to the Board after we acquired his business in 2006 which formed the basis of our drilling services business. His knowledge of the drilling industry has been very helpful. Genelle Coghlan, as a small business owner and with a deep knowledge of commerce, has also provided wise counsel. I wish them well in all their future endeavours.”

Appointment of Chief Executive Officer and Managing Director

Mr Russell Eggers has been appointed as CEO and Managing Director of the Company with immediate effect, with responsibility for the conduct of the Australian operating activities.

Mr Eggers has many years of executive and consulting experience focused on mining and energy services. He also has considerable experience in business improvement and implementation projects. Mr Eggers is a mechanical engineer by background and holds an MBA from Stanford University.

Mr Eggers is the former CEO of Vinidex Pty Ltd, a leading supplier of pipe systems and solutions to the resources, construction and housing industries. He is also the former CEO of Australian Drilling Services (renamed Easternwell), a company providing drilling services to the coal seam gas, mineral and infrastructure industries. He also held various senior roles at Dyno Nobel, a manufacturer of mining explosives, including Executive Manager Business Improvement and Strategy Planning Manager.

Among his consulting engagements, Mr Eggers was recently contracted by Goodman Fielder to manage a Business Improvement project where he oversaw significant cost reduction and revenue enhancement initiatives. He is also a former member of McKinsey & Company’s Implementation Group, where he focused on the mining industry.

Appointment of Non-Executive Directors

The Board of Lucas has also been refreshed with the appointments of Mr Ian Meares and Mr Andrew Purcell as non-executive directors.

Ian Meares

Mr Meares has many years of experience in the civil infrastructure, mining and energy industries. He brings a deep knowledge of complex engineering projects as well as a wide network of industry contacts.

Mr Meares has a substantial track record in senior corporate roles. He was recently an Executive Director, Engineering and Infrastructure, with Brookfield Multiplex where he had responsibility for the delivery of large scale infrastructure projects throughout Australia. Prior to this he was responsible for Mine Infrastructure Delivery at Leighton Contractors, Group Manager Business Development at Clough Limited and Managing Director of Bechtel Australia.

Andrew Purcell

Mr Purcell has a successful track record of managing distressed and underperforming companies to sustainable profitability.



An engineer by background, Mr Purcell had a distinguished career in investment banking working with Macquarie Bank and Credit Suisse. More recently, he founded Teknix Capital in Hong Kong, a company specialising in the development and management of projects in emerging markets across the heavy engineering, petrochemical, resources and infrastructure sectors. Mr Purcell also has experience across Asian markets, having been a Director of Bangkok Mass Transit System PCL and PT Medco Energi Internasional Tbk.

He also has a deep knowledge of the unconventional gas industry and is involved in sourcing new supplies of such gas in Eastern Australia. He is a former Director of Cougar Energy Ltd. and Realm Resources Ltd. in Australia.

Business Restructuring

During recent months management has conducted, with the assistance of external consultants, a comprehensive review of the Company's Australian operations. As a result of this analysis, the business is to be further streamlined around its core areas, comprising both Drilling Services and Pipelines and related activities, which will be supported by a central Corporate Services department.

This renewed focus is expected to improve the allocation of resources, facilitate the disposal of surplus equipment, reduce costs and increase productivity. This will more closely align the Company's capabilities with current market circumstances and improve its competitiveness.

This is a continuation of the rationalisation of the business which previously commenced and has already resulted in considerable cost savings. Following this period of restructuring the Company will be well positioned for a recovery as market conditions improve.

Investment in European unconventional hydrocarbon prospects proceeding

The Company's investment in European unconventional hydrocarbons (held through its 45% shareholding in Cuadrilla Resources and direct interests of 18.75% of the Bowland Licence and 25% of the Weald Licence) is proceeding as expected.

Cuadrilla recently submitted a planning application to Lancashire County Council for its proposed Preston New Road shale gas exploration site with the outcome expected to be decided within a 16 week determination period. The proposal covers the works required to drill, hydraulically fracture and test the flow of gas from up to four exploration wells on the site.

Cuadrilla is also expected to submit shortly a separate planning application for its second proposed shale gas exploration site at Roseacre Wood.

The Company's oil and gas investments will continue to be managed under the direction of the Board with assistance from external consultants.

Outlook

The Company confirms that it expects its underlying EBITDA for FY2014 to approximately breakeven, consistent with the market guidance given in its announcement on 26 February 2014.



The Company is successfully executing on its recently awarded pipeline contracts and is actively tendering for a number of other business opportunities both individually and in joint venture with other parties.

The performance of the Drilling Division is reliant on the coal market. Whilst conditions remain challenging, there is some indication of stabilising demand for drilling services. Lucas continues to focus on delivering to the highest standards to its existing customer base.

For further information, please contact:

Nicholas Swan
Company Secretary
02 9490 4127

About AJ Lucas Group Limited

AJ Lucas is a leading provider of specialist infrastructure, construction and drilling services to the energy, water and waste water, resources and public infrastructure sectors. In particular, it is the largest supplier of drilling and gas management services to Australia's coal industry.

AJ Lucas is also a proven developer of unconventional hydrocarbon properties. Current investments include a 45% shareholding in Cuadrilla Resources Holdings Limited, an exploration and production company focused on unconventional hydrocarbons, and direct interests of 18.75% of the Bowland Licence and 25% of the Weald Licence in respectively North West and South East England. Past projects successfully developed and sold include AJ Lucas' investments in the Gloucester Basin in NSW, Sydney Gas Limited, ATP651 in Queensland's Surat Basin and a 6.25% interest in the Bowland prospect.



Appendix One - Terms of Employment Agreement with CEO

In accordance with ASX Listing Rule 3.16.4, AJ Lucas Group Limited makes the following disclosures in respect of the key terms of the employment agreement entered into with its Chief Executive Officer and Managing Director, Mr Russell Eggers (**Agreement**).

Term of the Appointment

Mr Eggers has been appointed Chief Executive Officer and Managing Director from 3 June 2014 with no fixed term.

Remuneration

The remuneration payable to Mr Eggers will be:

1. A total fixed remuneration of \$500,000 per annum plus superannuation at the statutory rate under the superannuation guarantee legislation capped at the maximum permitted for the contribution to be taxable at the rate of 15% (**TFR**).
2. A potential Short Term Incentive opportunity of up to a maximum of 60% of TFR, subject to meeting Board approved targets.
3. A potential Long Term Incentive payment subject to the achievement of EBITDA and other performance measures and hurdles set by the Board.

Mr Eggers' remuneration package will be reviewed annually at the Board's discretion, with the next review being in April 2015.

Shareholder approval will be sought for the CEO's participation in any executive incentive plans if and when required.

Termination

Mr Eggers will initially be engaged on a six month probation period during which time either party may terminate the contract of employment by giving one month's notice. Thereafter, the Agreement may be terminated by either party giving the other three months notice.

Restraint

Mr Eggers will be restrained for no less than three months following the cessation of his employment with AJ Lucas from taking a position in a competitive business.