



AJ Lucas Group Limited

ABN 12 060 309 104

Notice of Annual General Meeting and Explanatory Statement

Notice is given that the Annual General Meeting (AGM) of the Company is to be held as set out below.

DETAILS OF MEETING

Date: 13 November 2014
Time: 10:30 am (Sydney time)
Address: The Portside Centre
Level 5, Symantec House
207 Kent Street
Sydney NSW 2000

Members unable to attend the AGM are invited to vote by proxy on the resolutions to be considered at the meeting. An Explanatory Statement and instructions on how to vote (including how to vote by proxy) are set out in this Notice of AGM.

ORDINARY BUSINESS

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the consolidated financial statements of the Company and its controlled entities and the reports of the directors and the auditor for the year ended 30 June 2014.

Shareholders can access a copy of the reports from the Company's website www.lucas.com.au

Please note that there is no vote on this item.

RESOLUTION 1: ADOPTION OF THE REMUNERATION REPORT

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

" That the Remuneration Report, which forms part of the Directors' Report of the Company for the financial year ended 30 June 2014, be adopted."

The vote on Resolution 1 is advisory only and does not bind the directors or the Company.

RESOLUTION 2: RE-ELECTION OF DIRECTOR

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

" That Phil Arnall, having retired by rotation in accordance with clause 10.2 of the Company's constitution and, being eligible, having offered himself for re-election, be re-elected a director of the Company."

RESOLUTION 3: RE-ELECTION OF DIRECTOR

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

" That Russell Eggers, having been appointed to fill a casual vacancy, retires as required in accordance with clause 10.4 of the Company's constitution and, being eligible, having offered himself for re-election, be re-elected a director of the Company."

RESOLUTION 4: RE-ELECTION OF DIRECTOR

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

" That Ian Meares, having been appointed to fill a casual vacancy, retires as required in accordance with clause 10.4 of the Company's constitution and, being eligible, having offered himself for re-election, be re-elected a director of the Company."

RESOLUTION 5: RE-ELECTION OF DIRECTOR

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

" That Andrew Purcell, having been appointed to fill a casual vacancy, retires as required in accordance with clause 10.4 of the Company's constitution and, being eligible, having offered himself for re-election, be re-elected a director of the Company."

RESOLUTION 6: APPOINTMENT OF AUDITOR

Resolution 6 will be put to the Meeting if ASIC has consented to the resignation of KPMG as the Company's auditor. See the attached Explanatory Memorandum for details regarding the resignation of KPMG.

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

" That Ernst & Young be appointed as auditor of the Company and that Ernst & Young's signed Consent to Act be received and recorded."

By Order of the Board

Nicholas J W Swan

Company Secretary

Date: 25 September 2014



Voting exclusion: As required by the Corporations Act 2001 (Corporations Act), no member of the Company's key management personnel (KMP), details of whose remuneration are included in the Remuneration Report, or a closely related party of any KMP, may vote in any capacity (e.g. as a shareholder, proxy or corporate representative) on Resolution 1 unless:

- the person votes as a proxy appointed by writing that specifies how the person is to vote on the proposed resolution; and
- the vote is not cast on behalf of any such member or closely related party of any such member

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly. Members of KMP include the Company's Directors and certain senior executives.

The prohibition in the Corporations Act on members of KMP or a closely related party of any KMP voting does not apply to the Chairman of the Meeting as proxy for a member entitled to vote where the proxy appointment expressly authorises the Chairman of the Meeting to vote in that capacity on Resolution 1 (see following page for further information).

If a member of KMP or a closely related party of any KMP (or any person acting on behalf of any such person) purports to cast a vote that will be disregarded by the Company (as indicated above), that person may be liable for an offence for breach of voting restrictions that apply under the Corporations Act.

Notes and Voting Instructions

ACCOMPANYING DOCUMENTS - IMPORTANT

The following documents accompany this notice:

- (a) Explanatory Statement in relation to the resolutions to be considered;
- (b) a Proxy Form; and
- (c) the 2014 Annual Report (for those Shareholders who have specifically requested it).

The Explanatory Statement forms part of this Notice of Meeting.

The background and reasons behind the resolutions to be considered are more fully set out in the Explanatory Statement. Members should read the Explanatory Statement in full and carefully consider its contents.

HOW TO VOTE

MEMBERS CAN VOTE IN ONE OF TWO WAYS

1. By attending the AGM and voting in person or by attorney or, in the case of corporate members, by corporate representative; or
2. By appointing a proxy to attend the AGM and vote on their behalf by:
 - Using the proxy form enclosed with this Notice of AGM; or
 - Recording their proxy voting instructions on the internet at www.investorvote.com.au. To access this facility, members will need their holder identification number (HIN) or security holder reference number (SRN) and postcode which are printed on the proxy form enclosed with this Notice of AGM.

VOTING IN PERSON OR BY ATTORNEY

Members are asked to arrive at the venue from 10.00am (Sydney time) to allow time for registration.

To help facilitate registration, please bring the proxy form enclosed with this Notice of AGM. An individual attending the AGM as corporate representative must present satisfactory evidence of his or her appointment to attend on the company's behalf, unless previously lodged with the Company or the Company's Share Registry (the **Share Registry**). Attorneys should bring with them original or certified copies of the Power of Attorney under which they have been authorised to attend and vote at the AGM, unless previously lodged with the Company or the Share Registry.

VOTING BY PROXY

- A member entitled to attend and vote is entitled to appoint a proxy or, if the member is entitled to cast two or more votes at the meeting, appoint not more than two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Each proxy will have the right to vote and to speak at the AGM.
- Where a member appoints two proxies or attorneys to vote at the AGM and the authority of one is not conditional on the other failing to attend or vote, the following rules apply:
 - the appointment is of no effect and the proxy or attorney may not vote unless each proxy or attorney, as the case may be, is appointed to represent a specified proportion of the member's voting rights;
 - on a show of hands, neither proxy or attorney may vote; and
 - on a poll, each proxy or attorney may only exercise the voting rights the proxy or attorney represents.

- A proxy, attorney or representative may be a member of the Company but does not have to be a member.
- A proxy form appointing a proxy or a document appointing an attorney may direct the manner in which the proxy or attorney is to vote in respect of a particular resolution and, where the form or document so provides, the proxy or attorney is not entitled to vote on the proposed resolution except as directed in the form or document.
- Members who complete and return their proxy form but do not nominate the identity of the proxy will be taken to have appointed the Chairman of the Meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the AGM, the Chairman of the Meeting will act in place of the nominated proxy. In each case, the Chairman of the Meeting will vote in accordance with any voting directions specified by the member in the proxy form or, where the member does not specify any voting instruction in the proxy form for an item of business, in accordance with the voting intentions of the Chairman of the Meeting in respect of undirected proxies set out below.
- If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on each resolution by marking either "For", "Against" or "Abstain" on the proxy form for each of those items of business.

UNDIRECTED PROXIES

- If a member entitled to vote appoints the Chairman of the Meeting as its proxy and the member does not direct the Chairman of the Meeting how to vote on Resolution 1, the member may authorise the Chairman of the meeting in respect of that item to exercise the proxy notwithstanding that resolution is connected directly or indirectly with the remuneration of a member of the Company's key management personnel. Further details are contained on the proxy form distributed with the Notice of AGM.
- Where the Chairman of the Meeting is appointed as proxy for a member entitled to vote, the Chairman of the meeting will (where authorised) vote all undirected proxies IN FAVOUR of all the proposed resolutions to be considered at the AGM. Accordingly, if you appoint the Chairman of the Meeting as your proxy and wish to vote differently to how the Chairman of the Meeting intends to vote on any of the resolutions, you must mark "For", "Against" or "Abstain" on the proxy form in relation to the relevant item of business.

LODGEMENT OF PROXY FORMS

The proxy's appointment and, if applicable, the authority appointing an attorney, must be sent by post or fax to the Company's registered office or to the address or fax number of the Company's Registry, set out below:

- By mail to:** Share Registry – Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne, VIC 3001 Australia;
- By facsimile to:** 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia);
- By mail to:** The Company's office at Level 2, Hyundai Building, 394 Lane Cove Road, Macquarie Park, NSW 2113;
- Vote online:** Shareholders can also cast their votes online at www.investorvote.com.au and follow the prompts. To use this facility you will need your holder number (SRN or HIN), postcode and control number as shown on the Proxy Form. You will have been taken to have signed the Proxy Form if you lodge it in accordance with the instructions on the website; and
- Custodian voting:** for Intermediary Online subscribers only (custodians), please visit www.intermediaryonline.com to submit your voting intentions,

so that they are received by no later than

10.30am (Sydney time) on Tuesday, 11 November 2014.

Proxy forms or proxy voting instructions received after this time will be invalid.

The proxy form must be signed by the member or the member's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act.

Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney or the power itself must be received by the Share Registry at either the postal addresses listed above or by fax before 10.30am (Sydney time) on Tuesday, 11 November 2014. If faxed, the power of attorney must be certified.

ENTITLEMENT TO VOTE

The Board has determined that, for the purposes of the AGM (including voting at the AGM), members are those persons who are registered holders of fully paid ordinary shares (Shares) in the Company (Shareholders) at close of business on Tuesday, 11 November 2014. Members entitled to vote are referred to the "Voting exclusion" note in relation to Resolution 1 for the adoption of the Remuneration Report.

Explanatory Statement

This Explanatory Statement forms part of the Notice of Meeting convening the Annual General Meeting (**AGM or Meeting**) of Shareholders to be held on 13 November 2014 and is to assist Shareholders in understanding the background to the resolutions.

FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires the Financial Report (which includes the Financial Statements and Directors' Declaration), the Directors' Report and the Auditor's Report to be laid before the AGM.

There is no requirement either in the Corporations Act or in the Company's Constitution for members to approve the Financial Report, the Directors' Report or the Auditor's Report.

Members will have a reasonable opportunity at the meeting to ask questions and make comments on these Reports and on the business and operations of the Company. Members will also be given a reasonable opportunity to ask the auditor questions about the Auditor's Report and the conduct of the audit of the Financial Report.

RESOLUTION 1: ADOPTION OF THE REMUNERATION REPORT

The Directors' Report for the year ended 30 June 2014 contains a Remuneration Report which sets out the policy for the remuneration of the directors and specified executives of the Company and its consolidated group. The Remuneration Report is set out on pages 28 to 32 of the Company's 2014 Annual Report.

In accordance with section 250R(2) of the Corporations Act, a resolution that the Remuneration Report be adopted must be put to vote at the Company's AGM. The vote on Resolution 1 is advisory only and does not bind the directors or the Company. Members attending the meeting will be given a reasonable opportunity to ask questions about, and make comments on, the Remuneration Report.

The 2014 Annual Report is available on the Company's website, www.lucas.com.au. The Directors unanimously recommend that Shareholders vote in favour of the resolution.

RESOLUTION 2: RE-ELECTION OF PHIL ARNALL AS A DIRECTOR

Mr Arnall was first appointed a director of the Company in August 2010 and was appointed Chairman in November 2013. Between late January 2014 and early June 2014, he also served as the Company's Chief Executive Officer whilst a permanent appointment to this role was sought. He is also a member of both the Audit and Risk Committee and the Remuneration Committee. In accordance with clause 10.2 of the Company's constitution, Mr Arnall now retires from the Board and offers himself for re-election.

Mr Arnall has had a distinguished thirty year career in the mining and steel industries, including senior executive responsibility at Smorgon Steel Group, Tubemakers and ANI Limited. He also has many years of experience as a public company director including as a non-executive director of Bradken Limited and Chairman of Ludowici Limited.

The Directors unanimously recommend that Shareholders vote in favour of the re-election of Phil Arnall as a director.

RESOLUTION 3: RE-ELECTION OF RUSSELL EGGERS AS A DIRECTOR

Mr Eggers was appointed as director and Chief Executive Officer of the Company on 3 June 2014. Under the Company's Constitution, a director appointed to fill a casual vacancy holds office only until the next general meeting. In accordance with this requirement, Mr Eggers now retires from the Board and offers himself for re-election.

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. He is a mechanical engineer by background and holds an MBA from Stanford University.

He was previously CEO of Vinindex Pty Ltd, a leading supplier of pipe systems and solutions to the resources, construction and housing industries. He was also a former CEO of Australian Drilling Services (renamed Easternwell), a company providing drilling services to the coal seam gas, mineral and infrastructure industries as well as holding various senior roles at Dyno Nobel, a manufacturer of mining explosives, including as Executive Manager Business Improvement and Senior Vice President Initiation Systems.

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.

The Directors unanimously recommend that Shareholders vote in favour of the re-election of Russell Eggers as a director.

RESOLUTION 4: RE-ELECTION OF IAN MEARES AS A DIRECTOR

Mr Meares was appointed as director of the Company on 3 June 2014. Under the Company's Constitution, a director appointed to fill a casual vacancy holds office only until the next general meeting. In accordance with this requirement, Mr Meares now retires from the Board and offers himself for re-election.

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

Previous roles include Executive Director, Engineering and Infrastructure, with Brookfield Multiplex where he had responsibility for the delivery of large scale infrastructure projects throughout Australia, responsibility for Mine Infrastructure Delivery at Leighton Contractors, Group Manager Business Development at Clough Limited and Managing Director of Bechtel Australia. Mr Meares is Chairman of the Company's Remuneration Committee.

The Directors unanimously recommend that Shareholders vote in favour of the re-election of Ian Meares as a director.

RESOLUTION 5: RE-ELECTION OF ANDREW PURCELL AS A DIRECTOR

Mr Purcell was appointed as director of the Company on 3 June 2014. Under the Company's Constitution, a director appointed to fill a casual vacancy holds office only until the next general meeting. In accordance with this requirement, Mr Purcell now retires from the Board and offers himself for re-election.

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. He is also a former Director of Cougar Energy Ltd. and Realm Resources Ltd. in Australia.

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 a number of public companies in the region, including 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 Chairman of the Company's Audit and Risk Committee.

The Directors unanimously recommend that Shareholders vote in favour of the re-election of Andrew Purcell as a director.

RESOLUTION 6: APPOINTMENT OF AUDITOR

KPMG has been the auditor of the Company since 1995.

The Board has been satisfied with the services of KPMG as Company auditor and thanks KPMG for their services provided as auditor of the Company. However, given the period of time that KPMG has acted as the Company's auditor, the Audit Committee has reviewed the role of auditor and consider that in accordance with good governance practice, it is appropriate that the Company's auditor changes. As a consequence, the Company has requested KPMG apply to ASIC under subsection 329(5) of the Corporations Act 2001 for consent to resign as auditor of the Company with effect from the end of the Annual General Meeting. Once ASIC notifies KPMG and the Company that it consents to KPMG's resignation, KPMG will give its notice of resignation to the Company with effect from the end of the Annual General Meeting.

The Company has received a notice from Famarn Pty Limited being a Member, nominating Ernst & Young as the new auditor of the Company. In accordance with section 328B of the Corporations Act 2001 (Cth), a copy of the notice of nomination of Ernst & Young received by the Company from Famarn is attached as Annexure A.

Ernst & Young has consented in writing to act as auditor of the Company. Ernst & Young has provided tax advice and other general consulting services to the Company since 2010. The Audit Committee and the Company have considered the Company's existing relationship with Ernst & Young and consider that the provision of these services do not compromise Ernst & Young's ability to serve as the Company's auditor. Ernst & Young has confirmed in writing that it is unaware of any matter or circumstances that would give rise to 'a conflict of interest situation', as defined in section 324CD of the Corporations Act 2001, in relation to the Company.

The Audit Committee has also noted that Ernst & Young is registered as an auditor under section 1280 of the Corporations Act 2001 and is a well established firm with the necessary expertise and resources to meet the Company's requirements. Consequently, subject to the Company receiving all necessary approvals from ASIC and shareholder approval at the Annual General Meeting, Ernst & Young has been nominated and selected to become the new auditor of the Company.

The Corporations Act 2001 (Cth) requires that shareholders approve the appointment of the new auditor.

If ASIC consents to KPMG's resignation as the Company's auditor, the Directors unanimously recommend that Shareholders vote in favour of the appointment of Ernst & Young as the Company's auditor. If ASIC does not consent to KPMG's resignation as the Company's auditor, KPMG will continue as the Company's auditor and Resolution 6 will not be put to the Meeting.

Annexure A

25 September 2014

The Directors
AJ Lucas Group Limited
Level 2, 394 Lane Cove Road
Macquarie Park NSW 2113

Dear Sirs,

Notice of Nomination of Auditor in accordance with Section 328B of the Corporations Act 2001 (Cth).

The undersigned, being a member of AJ Lucas Group Limited, hereby nominates Ernst & Young for appointment as auditor of the Company at the next Annual General Meeting.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Phil Arnall', with a large loop at the start and a horizontal line extending to the right.

Phil Arnall
Director
Famarn Pty Ltd

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