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17 March 2016

**AJ Lucas Group Limited**  
**\$21.1 million capital raising to strengthen balance sheet**

- **Partially underwritten capital raising of \$21.1 million**
- **3 for 8 pro-rata accelerated non-renounceable entitlement offer**
- **Entitlement Offer price of \$0.21 per AJ Lucas share**

**AJ Lucas Group Limited (ASX:AJL) (AJ Lucas or the *Company*)** today announced it is undertaking a 3 for 8 pro-rata accelerated non-renounceable entitlement offer to eligible shareholders to raise approximately \$21.1 million (the ***Entitlement Offer***).

Patersons Securities Limited has been appointed by the Company as Lead Manager and Underwriter (the ***Underwriter***) and has received firm commitments from the Company's two largest shareholders with the Underwriter agreeing to underwrite the shortfall (excluding the firm commitments). The Underwriter has obtained sub-underwriting support from the Company's largest shareholder, Kerogen Investments No. 1 (HK) Limited (***Kerogen***), and certain new institutional investors. As a result, the combination of the shareholder commitments and underwriting of the shortfall is equal to the gross proceeds intended to be raised under the Entitlement Offer.

Funds raised will be used to partially repay amounts due and payable under the Kerogen senior secured and short term loans and to provide funds for short term general working capital purposes, including ongoing funding of the Company's UK investments and scheduled payments to the ATO. A larger funding strategy is being developed to meet the needs of the Company longer term, including meeting its commitments for the Cuadrilla shale gas projects.

The price for the Entitlement Offer has been set at \$0.21, a discount of \$0.04 or 16% compared to the Company's last traded share price on Friday, 11 March 2016 of \$0.25.

The Company's shares were voluntarily suspended on Wednesday 16 March 2016, in order to finalise the details of this capital raising, and will remain in suspension, with quotation expected to recommence on Monday, 21 March 2016.

### **Entitlement Offer**

The Entitlement Offer comprises a pro-rata accelerated non-renounceable Institutional Entitlement Offer and a Retail Entitlement Offer.

Kerogen, the Company's largest shareholder, has committed to subscribe for its pro rata entitlement (\$11.1 million) and to sub-underwrite \$2.9 million in total to support the Entitlement Offer. Kerogen has agreed that the Underwriter may allocate to it the first \$2.5 million of any shortfall from the Entitlement Offer<sup>1</sup>.

### **Institutional Entitlement Offer**

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer to be conducted on Thursday, 17 March 2016 and Friday, 18 March 2016. Eligible institutional shareholders can choose to take up all, part, or none of their entitlements. These entitlements cannot be traded on the ASX or transferred.

### **Retail Entitlement Offer**

Eligible retail shareholders will be invited to participate in the Retail Entitlement Offer at the same offer price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Thursday, 24 March, 2016 and close on Tuesday, 26 April 2016. Eligible retail shareholders can choose to take up all, part, or none of their entitlements. Retail shareholders may also apply for additional share allocations above their entitlement, subject to certain constraints, with the final decision on allocation of additional shares at the sole discretion of the Company and the Underwriter.

Further details about the Retail Entitlement Offer will be set out in a retail offer booklet, which the Company expects to lodge with the ASX on Thursday, 24 March 2016.

### **Commenting on the capital raising, Phil Arnall, Chairman of the Company, said:**

*"We believe it is in the interests of all shareholders to support the capital raising and we are pleased with the binding commitments we received so far. This capital raising is the first step in a broader strategy to provide financial flexibility to enable AJ Lucas to manage its debt obligations and future commitments for the Cuadrilla shale gas project."*

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<sup>1</sup> At institutional settlement, Kerogen is obliged to settle for that number of shares (based on the issue price) that is equal to the lower of an aggregate subscription amount of (a) amounts which can be set-off as due and payable by the Company, plus any additional cash chosen to be made; and (b) \$2.5 million. At retail settlement, Kerogen is then obliged to subscribe for all shares allocated to it which it has not yet subscribed for. Kerogen can settle its subscription for allocated shortfall shares by any combination of cash payment or by way of set-off against amounts due and payable by the Company to Kerogen as agreed between the Company and Kerogen in connection with the Kerogen financing arrangements.

**Indicative Entitlement Offer timetable:**

These dates are indicative only and may change without notice.

<b>Event</b>	<b>Date</b>
Announce Entitlement Offer	Thursday, 17 March 2016
Suspension	Thursday, 17 March 2016 to Friday, 18 March 2016
Institutional Entitlement Offer closes	Friday, 18 March 2016
AJL shares recommence trading on ASX	Monday, 21 March 2016
Record Date	7.00pm Monday, 21 March 2016
Retail Entitlement Offer opens	Thursday, 24 March 2016
Retail Entitlement Offer booklet dispatched	Thursday, 24 March 2016
Settlement of Institutional Entitlement Offer	Wednesday, 30 March 2016
Initial new Shares allotted under the Institutional Entitlement Offer and issued and commence normal settlement trading	Thursday, 31 March 2016
Retail Entitlement Offer closes	Tuesday, 26 April 2016
Announce results of the Retail Entitlement Offer	Friday, 29 April 2016
Settlement of remaining new Shares under the Retail Entitlement Offer, including additional new Shares	Monday, 2 May 2016
Final allotment and issue of remaining new Shares under the Retail Entitlement Offer, including additional new Shares	Tuesday, 3 May 2016
Dispatch of holding statements and normal trading of new Shares under the Retail Entitlement Offer, including additional new Shares	Wednesday, 4 May 2016

*For further information, please contact:*

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**Financial & Corporate Relations**

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**About AJ Lucas Group Limited**

AJ Lucas is a leading provider of specialist infrastructure, construction and drilling services to the energy, water and wastewater, 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 23.75% of the Bowland Licence and 25% of the Weald Licence in respectively North West and South East England.