

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

AJ Lucas Group Limited

ABN

12 060 309 104

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Approximately, 100,268,931 fully paid ordinary shares (" New Shares ") pursuant an accelerated non-renounceable entitlement offer (" Entitlement Offer ") comprising an institutional component (" Institutional Entitlement Offer ") and retail component (" Retail Entitlement Offer "), as described in the announcement and Investor Presentation lodged with ASX on 17 March 2016.

However, the exact number of New Shares to be issued pursuant to the Entitlement Offer, including the exact breakdown of New Shares to be issued pursuant to the Institutional Entitlement Offer and Retail Entitlement Offer, is not known at the date of this Appendix 3B as it remains subject to reconciliation of shareholder entitlements and the effects of rounding. |

In addition, as announced as part of the underwriting structure, bonus shares may be issued to sub-underwriters other than Kerogen Investments No.1 (HK) Limited ("**Kerogen**") at a ratio of 1 for each 6 shares sub-underwritten. The exact number of bonus shares (if any) to be issued to the sub-underwriters will be determined following the finalisation of the underwriting and sub-underwriting obligations.

- 3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

The New Shares will have the same terms as existing fully paid ordinary shares in AJ Lucas Group Limited ("**Company**")

- 4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

Yes, the New Shares will rank *pari passu* with existing fully paid ordinary shares in the Company from the date of allotment

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

- 5 Issue price or consideration

\$0.21 per share

+ See chapter 19 for defined terms.

6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	The net proceeds from the Entitlement Offer will be used to partially repay amounts due and payable under the Kerogen senior secured facility and short term loans and for general working capital purposes. Please refer to the Investor Presentation lodged by the Company with ASX on 17 March 2016.
6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	No
6b The date the security holder resolution under rule 7.1A was passed	N/A
6c Number of +securities issued without security holder approval under rule 7.1	N/A
6d Number of +securities issued with security holder approval under rule 7.1A	N/A
6e Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A
6f Number of +securities issued under an exception in rule 7.2	N/A
6g If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A

6h If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements

N/A

6i Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements

N/A

7 +Issue dates

Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.

Cross reference: item 33 of Appendix 3B.

<p>The issue date for New Shares under the Institutional Entitlement Offer is 31 March 2016.</p> <p>The issue date for New Shares under the Retail Entitlement Offer is 3 May 2016.</p>

	Number	+Class
8 Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<p>After completion of the Entitlement Offer, there will be approximately 367,652,747 fully paid ordinary shares on issue in the Company. This is based on the 267,383,816 fully paid ordinary shares currently on issue in the Company as at the date of the Appendix 3B, and approximately 100,268,931 New Shares proposed to be issued under the Entitlement Offer, subject to the reconciliation of shareholder entitlement and rounding.</p>	Fully paid ordinary Shares

+ See chapter 19 for defined terms.

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	1,000,000 Options expiring at 5pm on 22 December 2016
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The Company's dividend policy will apply to the New Shares in the same way it applies to existing fully paid ordinary shares in the Company.

Part 2 - Pro rata issue

11	Is security holder approval required?	No.
12	Is the issue renounceable or non-renounceable?	Non-renounceable.
13	Ratio in which the +securities will be offered	3 New Share for every 8 Shares held as at the record date.
14	+Class of +securities to which the offer relates	Fully paid ordinary shares.
15	+Record date to determine entitlements	7.00pm (AEDT), 21 March 2016
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No.
17	Policy for deciding entitlements in relation to fractions	Where fractions arise in the calculation of shareholder entitlements under the Entitlement Offer, they will be rounded down to the next number of New Shares.
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	For the Institutional Entitlement Offer, all countries other than Australia and New Zealand, Hong Kong and the United Kingdom. For the Retail Entitlement Offer, all countries other than Australia and New Zealand.

19	Closing date for receipt of acceptances or renunciations	<p>The closing date for acceptances under the Institutional Entitlement Offer is 18 March 2016.</p> <p>The closing date for acceptance under Retail Entitlement Offer is scheduled to be 26 April 2016.</p>
20	Names of any underwriters	<p>Patersons Securities Limited ("Patersons")</p>
21	Amount of any underwriting fee or commission	<p>A corporate retainer of \$25,000, an offer management fee of 1.25% of the Entitlement Offer and a selling fee of 5% of the gross amounts raised under the Entitlement Offer less Kerogen's pro rata entitlement</p>
22	Names of any brokers to the issue	<p>N/A</p>
23	Fee or commission payable to the broker to the issue	<p>N/A</p>
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	<p>N/A</p>
25	If the issue is contingent on security holders' approval, the date of the meeting	<p>N/A</p>
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	<p>No prospectus is being prepared in relation to the Entitlement Offer. A Retail Offer Booklet with a personalised entitlement and acceptance for is to be despatched to eligible shareholders on 24 March 2016.</p>
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	<p>N/A</p>
28	Date rights trading will begin (if applicable)	<p>N/A</p>

+ See chapter 19 for defined terms.

29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Issue date	<p>The issue date for New Shares under the Institutional Entitlement Offer is 31 March 2016.</p> <p>The issue date for New Shares under the Retail Entitlement Offer is 3 May 2016.</p>

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of +securities
(tick one)
- (a) +Securities described in Part 1
- (b) All other +securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
- 1 - 1,000
 - 1,001 - 5,000
 - 5,001 - 10,000
 - 10,001 - 100,000
 - 100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of +securities for which +quotation is sought N/A
- 39 +Class of +securities for which quotation is sought N/A
- 40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?
- If the additional +securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
- N/A
- 41 Reason for request for quotation now N/A
- Example: In the case of restricted securities, end of restriction period
- (if issued upon conversion of another +security, clearly identify that other +security)

+ See chapter 19 for defined terms.

42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)

Number	+Class
N/A	

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:


.....
(Director/Company secretary)

Date: 17 March 16

Print name:

Marcin Swierkowski

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	
“A”	

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“C”	
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	
Total [“A” x 0.15] – “C”	<i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
<i>Insert</i> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“E”	

+ See chapter 19 for defined terms.

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	
Subtract "E" <i>Note: number must be same as shown in Step 3</i>	
Total ["A" x 0.10] – "E"	 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.