



AJ Lucas Group Limited
ABN 12 060 309 104
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www.lucas.com.au

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DESPATCH OF RETAIL OFFER BOOKLET

24 March 2016

Further to the announcement by AJ Lucas Group Limited ("**AJ Lucas**") on Thursday, 17 March 2016 relating to a 3 for 8 pro rata accelerated non-renounceable entitlement offer ("**Entitlement Offer**"), AJ Lucas has today despatched the Retail Offer Booklet and personalised Entitlement and Acceptances Forms to Eligible Retail Shareholders.

Only Eligible Retail Shareholders in Australia and New Zealand may participate in the Retail Entitlement Offer. The eligibility criteria is set out in the Retail Offer Booklet. The Retail Offer Booklet is available on the ASX website and our website at <http://www.lucas.com.au/>.

The Retail Entitlement Offer will close at 5.00pm (Sydney time) on Tuesday, 26 April 2016. AJ Lucas also confirms that a letter (in the form attached) has today been despatched to ineligible Retail Shareholders under the Entitlement Offer.

For further information, please call the AJ Lucas Offer Information Line on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia), or consult your stockbroker, accountant or other professional adviser. The AJ Lucas Offer Information Line will be open from 8.30am to 5.00pm (Sydney time), Monday to Friday until 5 May 2016.

ENDS



For further information, please contact:

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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.

Important information:

Nothing contained in this announcement constitutes investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the information and any action on the basis of that information.

Not an offer

This announcement is not and should not be considered as an offer or an invitation to acquire New Shares or any other financial product and does not and will not form any part of any contract for the acquisition of Shares.



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Dear Shareholder

AJ LUCAS GROUP LIMITED \$21.1 MILLION PRO RATA ACCELERATED NON-RENOUNCEABLE ENTITLEMENT OFFER

On Thursday, 17 March 2016, AJ Lucas Group Limited (**AJL**) announced the launch of a 3 for 8 pro rata accelerated non-renounceable entitlement offer (the **Entitlement Offer**) of new AJL shares (**New Shares**) at an offer price of \$0.21 per New Share (**Offer Price**). The Entitlement Offer will raise up to \$21.1 million.

AJL will use the proceeds of the Entitlement Offer to partially repay amounts due and payable under the Kerogen Investments No.1 (HK) Limited ("**Kerogen**") senior secured and short term loans and to provide funds for short term general working capital purposes, including ongoing funding of the AJL's UK investments and scheduled payments to the Australia Taxation Office. Patersons Securities Limited has been appointed by AJL as Lead Manager and Underwriter (the **Underwriter**) and has agreed to underwrite the shortfall (excluding the firm commitments from AJL's two largest shareholders). The Underwriter has obtained sub-underwriting support from 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.

This letter is to inform you about the Entitlement Offer, and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer to issue entitlements or New Shares to you, nor an invitation for you to apply for entitlements or New Shares.

You are not required to do anything in response to this letter.

The Entitlement Offer

The Entitlement Offer comprises an institutional entitlement offer (**Institutional Entitlement Offer**) and an offer to eligible retail shareholders (as described below, **Eligible Retail Shareholders**) to participate at the same Offer Price and offer ratio (**Retail Entitlement Offer**). The Entitlement Offer is being made in accordance with section 708AA of the Corporations Act 2001 (Cth) (as modified by ASIC Class Order [08/35]) (the **Act**), meaning that no prospectus is required to be prepared in relation to the Entitlement Offer.

Retail Entitlement Offer

The Retail Entitlement Offer is being made to Eligible Retail Shareholders on the basis of an entitlement to subscribe for 3 New Shares for every 8 existing AJL shares held on the Record Date of 7.00pm (Sydney time) on Monday, 21 March 2016. Eligible Retail Shareholders can choose to take up all, part, or none of their entitlements. Eligible 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 AJL and the Underwriter.

An offer booklet in relation to the Retail Entitlement Offer (**Retail Offer Booklet**) will be despatched to Eligible Retail Shareholders on or around Thursday, 24 March 2016. Further



information in relation to the Entitlement Offer has been disclosed on the Australian Securities Exchange.

Eligibility criteria

Eligible Retail Shareholders are those persons who:

- are registered as a holder of existing AJL shares as at the Record Date, being 7.00pm (Sydney time) on Monday, 21 March 2016;
- have a registered address on the AJL share register in Australia or New Zealand;
- are not in the United States and are not acting for the account or benefit of a person in the United States to the extent such persons hold AJL shares for the account or benefit of such persons in the United States;
- were not invited to participate (other than as nominee, in respect of other underlying holdings) in the Institutional Entitlement Offer and were not treated as an ineligible institutional shareholder under the Institutional Entitlement Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Shareholders who are not Eligible Retail Shareholders are Ineligible Retail Shareholders.

The restrictions upon eligibility to participate in the Retail Entitlement Offer arise because of the legal and regulatory requirements in countries other than Australia and New Zealand and the potential costs to AJL of complying with these legal and regulatory requirements compared with the relatively small number of shareholders in those countries, the relatively small number of existing AJL shares they hold and the relatively low value of New Shares to which those shareholders would otherwise be entitled. AJL has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3) of the Act, that it would be unreasonable to make or extend offers to AJL shareholders in certain countries under the Retail Entitlement Offer.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Retail Shareholder stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the Act, AJL wishes to advise you that it will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for New Shares under the Retail Entitlement Offer. You will not be sent the documents relating to the Entitlement Offer.

Appointment of Nominee on behalf of Ineligible Retail Shareholders

AJL has determined that it will undertake the following steps in relation to Ineligible Retail Shareholders:

- AJL has appointed Patersons Securities Limited as nominee in respect of Ineligible Retail Shareholders (**Nominee**), and the appointment has been approved by ASIC under section 615 of the Act.
- AJL will issue to the Nominee those New Shares that Ineligible Retail Shareholders would otherwise have been entitled to apply for had they been entitled to participate in the Entitlement Offer.
- The Nominee will seek applications for the sale of those New Shares.
- AJL will distribute to Ineligible Retail Shareholders their proportion of the net proceeds of the sale (after deducting payment of the issue price to AJL).



Ineligible Retail Shareholders should note that none of AJL and the Nominee is acting as their agent and that there is no guarantee that any net proceeds will be realised from the sale of New Shares under section 615 of the Act.

You are not required to do anything in response to this letter.

For further information on the Offer or if you believe that you are an Eligible Retail Shareholder, you can call the AJL Offer Information Line 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia) from 8.30am to 5.00pm (Sydney time) Monday to Friday. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser. On behalf of the Board of AJL, I thank you for your continued support.

Yours sincerely

A handwritten signature in black ink, appearing to read "Phil Arnall", with a large loop at the start and a trailing flourish.

Phil Arnall
Chairman
AJ Lucas Group Limited

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Important Information

This letter is issued by AJ Lucas Group Limited, ABN 12 060 309 104 (**AJL**). This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in AJL in any jurisdiction. This letter does not constitute financial product advice and does not and will not form any part of any contract for the acquisition of AJL shares.

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. No action has been, or will be, taken to register, qualify or otherwise permit a public offering of the entitlements or the New Shares in any jurisdiction outside Australia or New Zealand. In particular, neither the entitlements nor the New Shares have been, nor will be, registered under the U.S. Securities Act of 1933 (the **Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not, directly or indirectly, be taken up by, and the New Shares may not be offered or sold to, persons in the United States except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.