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**AJ LUCAS SIGNS SECURED BOND FINANCING TERM SHEET
AND AGREES RESTRUCTURE OF ITS EXISTING DEBT**

- US\$45 million of new senior secured debt
- Issue of 20 million new shares at a price of \$0.21
- Kerogen agrees to restructure and extend its facility
- Balance sheet restored and remaining legacy issues resolved

AJ Lucas Group Limited (“**AJ Lucas**”) (ASX : AJL) is pleased to announce that it has entered into a binding term sheet for new financing arrangements with one or more funds affiliated with OCP Asia (Hong Kong) Limited (“**OCP**”). OCP is a credit oriented investment fund manager and one of the leading credit funds in Asia. AJ Lucas was advised by Barbon Advisors LLP on this transaction.

The new financing will comprise a total of US\$45 million in senior secured bonds (the “**Facility**” or the “**Bonds**”) and the issue of 20 million AJ Lucas shares to OCP (each over two tranches).

Under the Facility:

- The Bonds will be issued in two tranches;
- Tranche A: US\$25 million of Bonds to be issued by 10 June 2016 (“**Tranche A Issue Date**”) at a discount of 6.80% to be applied by the Bondholder to acquire 11 million shares at 21 cents;
- Tranche B: US\$20 million of Bonds to be issued following the successful appeal of either of the Lancashire County Council’s two decisions to reject the applications by Cuadrilla Resources Limited to drill, stimulate and test the flow of gas at two exploration sites (Preston New Road and Roseacre Wood) in Lancashire, United Kingdom (“**Tranche B Issue Date**”). The appeal was previously announced by AJ Lucas in June 2015 and a decision is expected within the next three months. The Tranche B Bonds will be issued at a discount of 6.95% similarly to be applied by the bondholder to acquire 9 million shares at 21 cents; and
- Both tranches of Bonds will have a maturity of three years from the Tranche A Issue Date, earn a coupon of 12% per annum and yield 18% per annum to maturity.

Concurrently, Kerogen Investments No.1 (HK) Limited (“**Kerogen**”), AJ Lucas’ largest shareholder, has agreed to subordinate amounts owing to it by AJ Lucas under the existing facility (“**Kerogen Facility**”) and to extend the maturity of the Kerogen Facility to at least six months following the repayment of the Bonds. In return for their agreement to subordinate their loan, AJ Lucas will pay Kerogen a restructure fee of 2% of the Kerogen facility on the Tranche A issue date and 1% of the outstanding Kerogen facility on each subsequent anniversary. Kerogen’s restructured debt will carry an interest rate of 16% per annum for the first two years and 18% per annum thereafter.



Following a successful appeal in the UK, US\$25 million of the Kerogen Facility is to be repaid from the proceeds of a pro rata entitlements offer designed to further strengthen the company's balance sheet. Kerogen has indicated its support for this entitlements offer by agreeing to subscribe for its pro rata entitlements.

It is intended that this financing will primarily be used to: settle in full amounts owing to the ATO; fund drilling appraisal activities in Lancashire, UK; and, to fund working capital as AJ Lucas continues to win business in Australia in both its drilling and engineering divisions.

AJ Lucas' Chairman, Phil Arnall commented:

"This financing restores the company's balance sheet and finalises legacy issues. AJ Lucas now has sufficient capital to fund its attractive UK shale opportunities through the next two wells and having settled its ATO obligations in full will be well positioned to grow its business in Australia.

We appreciate this strong show of support from OCP Asia and the ongoing support of Kerogen."

For further information, please contact:

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Phil Arnall	Chairman
Austen Perrin	Chief Financial Officer

About OCP Asia (Hong Kong) Limited

OCP Asia (Hong Kong) Limited and OCP Asia (Singapore) Pte. Limited is a leading institutional investor in the Asia-Pacific region and manages private investment funds from their offices in Hong Kong and Singapore. OCP is a leading investor in the private debt space and has a long and successful track record of private debt investing in the Australian market. Further details of OCP Asia are available on its website www.ocpasia.com.

About Barbon Advisors LLP

Barbon Advisors LLP is a boutique financial services partnership, based in London, focussed on providing financing to middle market corporates across a range of industries including natural resources, real estate and financial services. The firm is led by David Ryan and Simon Lloyd

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.