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18 May 2017

**AJ Lucas Group Limited**  
**Capital raising to fund growth opportunities and debt reduction**

- **Placement raising \$5.0 million**
- **1 for 2 pro-rata accelerated non-renounceable entitlements offer raising up to \$53.7 million**
- **Placement and entitlements offer priced at \$0.275 per AJ Lucas share**

**AJ Lucas Group Limited (ASX:AJL) (AJ Lucas or the Company)** today announced the successful completion of a placement of ordinary shares to institutional investors raising \$5.0 million (the **Placement**) and that it is undertaking a 1 for 2 pro-rata accelerated non-renounceable entitlements offer to eligible shareholders to raise up to \$53.7 million (the **Entitlements Offer**, and together with the Placement, the **Capital Raising**). New shares issued under the Capital Raising will be at an issue price of \$0.275 representing a 12.7% discount to the last closing share price of \$0.315 on Wednesday, 17 May 2017.

**Placement**

The Placement raised \$5.0 million through the issue of 18.2 million new shares. The Placement is expected to settle on Friday, 26 May 2017, and shares issued under the Placement will be allotted on the following business day, Monday, 29 May 2017.

**Entitlements Offer**

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

Patersons Securities Limited has been appointed by the Company as Lead Manager and Underwriter (the **Underwriter**) and has received firm commitments from existing shareholders for 60% of the Entitlements Offer. The Underwriter has agreed to partially underwrite the Entitlements Offer Balance<sup>1</sup>, and has obtained sub-underwriting support from the Company's largest shareholder, Kerogen Investments No. 1 (HK) Limited (**Kerogen**), and certain other new and existing institutional investors. The combination of shareholder commitments and part underwriting of the Entitlements Offer Balance<sup>1</sup> means that a minimum amount of \$48.2 million will be raised under the Entitlements Offer.

Funds from the Capital Raising will be used to reduce borrowings, support growth in the Australian operating businesses and fund further development of AJ Lucas' shale gas interests in the UK, as follows:

- A minimum of US\$25 million of the finance facility provided by Kerogen will be repaid, in accordance with the previously announced terms of the balance sheet refinancing that occurred in June 2016;

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<sup>1</sup> The Entitlements Offer Balance is the total potential size of the Entitlements Offer (\$53.7 million) less firm commitments received (\$32.2 million), equivalent to \$21.5 million.



- Capex investment will bring existing drill rigs online in response to increased demand from existing customers;
- Investment in working capital for new LEC pipeline construction projects and to expand LDS opportunities in the coal seam gas sector;
- Fund potential bolt-on acquisition(s); and
- In the UK, funding will be applied to further develop opportunities beyond the current two well program at Preston New Road, and to AJ Lucas' share of Cuadrilla's general and administrative expenses.

### **Institutional Entitlements Offer**

Eligible institutional shareholders will be invited to participate in the Institutional Entitlements Offer to be conducted on Thursday, 18 May 2017 and Friday, 19 May 2017. 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 Entitlements Offer**

Eligible retail shareholders will be invited to participate in the Retail Entitlements Offer at the same offer price and offer ratio as the Institutional Entitlements Offer. The Retail Entitlements Offer will open on Thursday, 25 May 2017 and close on Monday, 5 June 2017. 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 entitlements, 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 Entitlements Offer will be set out in a retail offer booklet, which the Company expects to lodge with the ASX on Thursday, 25 May 2017.

### **Commenting on the Capital Raising, Phil Arnall, Chairman of the Company, said:**

*"This Capital Raising completes the balance sheet refinancing announced in June 2016, allows the company to execute growth opportunities in Australia and to pursue development opportunities beyond the current two well program in the UK. We are delighted by the strong support received from existing and new investors that will deliver a minimum of \$53.2m in gross proceeds from the Capital Raising."*

### **Indicative Capital Raising timetable:**

These dates are indicative only and may change without notice.

<b>Event</b>	<b>Date</b>
Announce completion of Placement and launch of Entitlements Offer	Thursday, 18 May 2017
Trading Halt	Thursday, 18 May 2017 - Friday, 19 May 2017
Institutional Entitlements Offer closes	Friday, 19 May 2017
AJL shares recommence trading on ASX	Monday, 22 May 2017
Record Date	7.00pm Monday, 22 May 2017
Retail Entitlements Offer opens	Thursday, 25 May 2017
Retail Entitlements Offer booklet despatched	Thursday, 25 May 2017
Settlement of Institutional Entitlements Offer and Placement	Friday, 26 May 2017

Initial new Shares allotted under the Institutional Entitlements Offer and Placement and issued and commence normal settlement trading	Monday, 29 May 2017
Retail Entitlements Offer closes	Monday, 5 June 2017
Announce results of the Retail Entitlements Offer	Thursday, 8 June 2017
Settlement of remaining new Shares under the Retail Entitlements Offer, including additional new Shares	Friday, 9 June 2017
Final allotment and issue of remaining new Shares under the Retail Entitlements Offer, including additional new Shares	Tuesday, 13 June 2017
Normal trading of new Shares under the Retail Entitlements Offer, including additional new Shares	Wednesday, 14 June 2017
Despatch of holding statements	Thursday, 15 June 2017

*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 47.4% 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 Bolney Licence in respectively North West and South East England.

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