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19 January 2018

AJ Lucas Group Limited Capital raising

- Placement to raise up to \$22.6 million
- 1 for 6 pro-rata accelerated non-renounceable entitlement offer raising up to \$31.2 million
- Placement and Entitlement Offer priced at \$0.32 per AJ Lucas share

Further to its announcement on 5 January 2018, **AJ Lucas Group Limited (ASX:AJL) (AJ Lucas or the Company)** today announces the launch of the placement of ordinary shares to institutional investors to raise up to \$22.6 million (the **Placement**) and the launch of a 1 for 6 pro-rata accelerated non-renounceable entitlement offer to eligible shareholders to raise up to \$31.2 million (the **Entitlement Offer**, and together with the Placement, the **Capital Raising**). New shares issued under the Capital Raising will be at an issue price of \$0.32 representing approximately 13.5% discount to the closing share price of \$0.37 on 19 January 2018 and a discount of 22.9% to the closing share price of \$0.415 on 22 December 2017, being the last trading day before the Company entered into a trading halt and period of suspension immediately prior to the 5 January 2018 announcement.

Patersons Securities Limited has been appointed by the Company as Lead Manager (the **Lead Manager**) to the Capital Raising, and Barbon Advisors has advised the Company on the Placement.

Placement

The Placement will raise up to \$22.6 million through the issue of up to 70.5 million new shares. The proposed Placement size exceeds the Company's present placement capacity by 3.7 million shares, accordingly AJ Lucas has sought a waiver from ASX to calculate its placement capacity taking into account shares to be issued under the Offer, as announced on 5 January 2018. In the absence of a waiver the Placement will be limited to 66.8 million shares, within the existing placement capacity, raising \$21.4 million.

The Placement is expected to settle at the same time as the institutional component of the Entitlement Offer (further details below) on Tuesday, 30 January 2018, and shares issued under the Placement will be allotted on the following business day, Wednesday, 31 January 2018.

Entitlement Offer

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

The Entitlement Offer is not underwritten. AJ Lucas and the Lead Manager have received firm commitments from existing shareholders for approximately 75% of the Entitlement Offer, including the Company's largest shareholder, Kerogen Investments No. 1 (HK) Limited (**Kerogen**).



Proceeds from the Capital Raising will be used to:

- Fund future commitments to the Company's UK investments as the operating partner, Cuadrilla, enters the horizontal drilling and hydraulic fracturing phase at the Preston New Road site. Additional costs were incurred by Cuadrilla in drilling the first vertical well, due to unforeseen weather and technical issues delaying the drilling timetable;
- Partially repay debt; and
- Fund working capital.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer closing on Monday, 22 January 2018. 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 Tuesday, 30 January 2018 and close on Friday, 16 February 2018. 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.

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 or around Tuesday, 30 January 2018.

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

"We are delighted by the strong interest from our Institutional shareholders in this opportunity and look forward to similar interest from our retail shareholder base. The Phase 1 Preston New Road programme is entering an exciting phase and these funds will primarily be directed to ensuring AJL meets its commitments through to flow testing the two well programme and reducing our debt and therefore our interest burden. In addition, some funds from the raising will go towards working capital for our Australian drilling business to respond to the opportunities in the improving East Coast coal market.

Indicative Capital Raising timetable:

These dates are indicative only and may change without notice.

Event	Date
Announce launch of Entitlement Offer and Placement	Friday, 19 January 2018
Trading Halt	Monday, 22 January 2018
Institutional Entitlement Offer closes	Monday, 22 January 2018
AJL shares recommence trading on ASX	Tuesday, 23 January 2018
Record Date	7.00pm (Sydney time), Wednesday, 24 January 2018
Retail Entitlement Offer opens	Tuesday, 30 January 2018
Retail Entitlement Offer booklet dispatched	Tuesday, 30 January 2018
Settlement of Institutional Entitlement Offer and Placement	Tuesday, 30 January 2018

Event	Date
Initial new Shares allotted under the Institutional Entitlement Offer and Placement and issued and commence normal settlement trading	Wednesday, 31 January 2018
Retail Entitlement Offer closes (5.00pm (Sydney time))	Friday, 16 February, 2018
Announce results of the Retail Entitlement Offer	Wednesday, 21 February 2018
Settlement of remaining new Shares under the Retail Entitlement Offer, including additional new Shares	Thursday, 22 February 2018
Final allotment and issue of remaining new Shares under the Retail Entitlement Offer, including additional new Shares	Friday, 23 February 2018
Normal trading of new Shares under the Retail Entitlement Offer, including additional new Shares	Monday, 26 February 2018
Dispatch of holding statements	Tuesday, 27 February 2018

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