



157 Church Street
PO Box 675
Ryde NSW 2112
Australia
Tel + 61 2 9809 6866
Fax + 61 2 9807 6088
www.lucas.com.au

20 November 2008

Australian Securities Exchange Limited
Via electronic lodgement

Southern SeaWater Desalination Project - Preferred Alliance Partner Selected

Please find attached a media statement from Water Corporation announcing that the preferred consortium to build and operate the Southern SeaWater Desalination Plant project is the Southern SeaWater Alliance (SSWA) comprising Tecnicas Reunidas, Valoriza Agua, AJ Lucas Group Limited and Worley Parsons.

The plant located near Binningup to the south of Perth, will be constructed in stages commencing in 2009 and will begin operation in 2011. Total construction cost is estimated at approximately \$1 billion, together with a 25 year operations and maintenance contract.

Tecnicas Reunidas and Valoriza Agua are acknowledged as world experts in water engineering technology and, in particular, water treatment processes. As the local construction partner, Lucas brings its expertise in project management, pipelines and trenchless technology.

The chairman of Lucas, Allan Campbell, said "Lucas is very pleased to be part of this consortium and to have been selected for such a prestigious project. We believe that our design was innovative, technically very advanced and significantly minimized operating costs."

"Lucas' growth has been achieved through strategic partnerships and we very much look forward to working with Tecnicas Reunidas and Valoriza Agua - two acknowledged experts in their field. Our relationship with Worley Parsons goes back many years and we are always pleased to work with them."

Allan Campbell
Chairman and Chief Executive Officer

About AJ Lucas Group Limited

AJ Lucas is a leading provider of both specialist infrastructure and mining services. It is the leading supplier of drilling services to Australia's coal and coal seam gas industries. It is also Australia's largest builder of long distance gas pipelines. Other divisions provide gas management services to the coal and coal seam gas industry, construction, civil and property services.

AJ Lucas also has a significant coal seam gas portfolio with a 70% interest in PEL285 in the Gloucester Basin, a 19.9% shareholding in Sydney Gas Limited, 15% of ATP651 in the Surat Basin and a 60% shareholding in Arawn Energy Limited, which is currently drilling in British Columbia in Canada.

EMBARGOED UNTIL 12.30PM WESTERN STANDARD TIME

20 November 2008

Preferred Alliance partner selected – Southern SeaWater Alliance

Water Corporation CEO Sue Murphy announced today that the Southern SeaWater Alliance (SSWA) is the preferred consortia to build and operate Western Australia's second seawater desalination plant near Binningup in the south west.

The SSWA is led by Spanish companies, Tecnicas Reunidas and Valoriza Agua. Its partners are construction company, AJ Lucas and engineering consultancy Worley Parsons. Tecnicas Reunidas and Valoriza Agua have extensive major desalination experience and are international multidiscipline construction companies. These two companies will operate the 50 gegalitres of water a year plant, which will be owned by the Water Corporation, for 25 years.

Mrs Murphy said that while the announcement of the Alliance partner was an important milestone, it was also an important step in being able to finalise the State and Federal environmental approvals.

"The contract will not be let for the Alliance until all project approvals have been given by both the Western Australian and Federal governments," Mrs Murphy said.

"Now that we have selected the Southern SeaWater Alliance we can move ahead with further detailed design and other essential activities.

"We are not pre-empting the environmental approvals process, simply making sure that we remain in the best position possible to commission the plant on time in 2011."

Mrs Murphy confirmed that the cost of the project would be about \$955 million as budgeted. This included the cost of the plant, pipeline and other infrastructure required to integrate the plant with the Integrated Water Supply System. She was confident that the Alliance had the technical, financial and construction capabilities, the environmental background and a track record in the international desalination industry that would ensure the plant would be completed before the end of 2011. It was expected that the workforce would peak at about 500 people during construction.

"We are delighted the SSWA with its marriage of international and Australian expertise is building our second seawater desalination plant," she said.

"Even more satisfying is the fact that when it is completed more than 30 per cent of our drinking water will be supplied from climate independent sources.

"This in turn will help us enormously in our commitment to reducing our abstraction from the Gnamptara Mound on a permanent basis and maintain our leading position in water resource management in Australia.

"There is no doubt this new plant is absolutely essential to meeting the challenge of securing WA's future water supply."

Mrs Murphy said that the Alliance was well aware of the environmental, community and other commitments of the Water Corporation, particularly in relation to noise, visual appearance and other aspects of the plant. The Alliance has incorporated all such commitments into their design and operating proposal.

For further information: Phil Kneebone – 9420 3386; 0407778425