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DESPATCH OF RETAIL OFFER BOOKLET

25 May 2017

Further to the announcement by AJ Lucas Group Limited ("**AJ Lucas**") on Thursday, 18 May 2017 relating to a 1 for 2 pro rata accelerated non-renounceable entitlements offer ("**Entitlements Offer**"), AJ Lucas has today despatched the Retail Offer Booklet and personalised Entitlements 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 attached to this announcement.

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 16 June 2017.

For further information, please contact:

AJ Lucas Group Limited
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Company Secretary

Disclaimer

This announcement is not financial product or investment advice, a recommendation to acquire new shares or accounting, legal or tax advice. It does not constitute an invitation or offer to apply for new shares. It has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial and tax situation and needs and seek legal and taxation advice appropriate for their jurisdiction. AJ Lucas is not licensed to provide financial product advice in respect of an investment in shares.

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This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States. The securities described in this announcement have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and other applicable U.S. state securities laws.



AJ Lucas Group Limited

Retail Entitlements Offer

AJ Lucas Group Limited ACN 060 309 104

1 for 2 pro rata accelerated non-renounceable entitlements offer of AJ Lucas Group Limited ordinary shares at an Offer Price of \$0.275 per New Share.

Retail Entitlements Offer closes at 5.00pm (Sydney time) Monday, 5 June 2017.

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This Retail Offer Booklet requires your immediate attention. It is an important document which is accompanied by a personalised Entitlements and Acceptance Form and both should be read in their entirety. This Retail Offer Booklet is not a prospectus under the *Corporations Act 2001* (Cth) (**Corporations Act**) and has not been lodged with the Australian Securities & Investments Commission (**ASIC**). Please call your stockbroker, accountant or other professional adviser or the AJL Offer Information Line on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia) if you have any questions.

Important notices

Defined terms used in these important notices have the meaning given in this Retail Offer Booklet.

Future performance and forward looking statements

This Retail Offer Booklet contains certain “forward looking statements”. Forward looking statements can generally be identified by the use of forward looking words such as “expect”, “anticipate”, “likely”, “intend”, “propose”, “should”, “could”, “may”, “guidance”, “outlook”, “predict”, “plan”, “will”, “believe”, “forecast”, “estimate”, “target”, and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings, distributions or financial position or performance, aspects of the Entitlements Offer and use of proceeds are also forward looking statements. The forward looking statements contained in this Retail Offer Booklet involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of AJ Lucas Group Limited (ACN 060 309 104) (**AJL**), and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Refer to the “Key risks” section of the AJL Investor Presentation included in Section 4 of this Retail Offer Booklet for a summary of certain general and AJL specific risk factors that may affect AJL. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Retail Offer Booklet in light of those disclosures. You are cautioned not to place undue reliance on any forward looking statements. The inclusion of forward looking statements should not be regarded as a representation, warranty or guarantee with respect to its accuracy or the accuracy of the underlying assumptions, or that AJL will or is likely to achieve particular results.

The forward looking statements are based on information available to AJL as at the date of this Retail Offer Booklet. Except as required by law or regulation (including the Australian Securities Exchange (**ASX**) Listing Rules), AJL undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Past performance

Investors should note that past performance, including past share price performance and pro forma historical information are included for illustrative purposes only, and cannot be relied upon as an indicator of (and provides no guidance as to) future AJL performance including future financial position or share price performance.

Jurisdictions

This Retail Offer Booklet, and any accompanying ASX announcements and each personalised Entitlements and Acceptance Form, do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither this Retail Offer Booklet nor any personalised Entitlements and Acceptance Form may be distributed or released in the United States. Neither the entitlements to purchase new ordinary shares in AJL (**New Shares**) pursuant to the offer described in this Retail Offer Booklet (**Entitlements**) nor the New Shares have been, and none of them will be, registered under the US Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Entitlements may not be purchased or taken up by persons in the United States or by persons who are acting for the account or benefit of a person in the United States. Neither the Entitlements nor the New

Shares may be offered, sold or resold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. The Entitlements and the New Shares may only be offered and sold in “offshore transactions” (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act.

Neither this Retail Offer Booklet nor any personalised Entitlements and Acceptance Form may be distributed or released in the United States.

References to “you” and “your Entitlements”

In this Retail Offer Booklet, references to “you” are references to Eligible Retail Shareholders (as defined in Section 5.1) and references to “your Entitlements” (or “your personalised Entitlements and Acceptance Form”) are references to the Entitlements (or personalised Entitlements and Acceptance Form) of Eligible Retail Shareholders.

Times and dates

Times and dates in this Retail Offer Booklet are indicative only and subject to change. All times and dates refer to Sydney time. Refer to the “Key Dates” section of this Retail Offer Booklet for more details.

Currency

Unless otherwise stated, all dollar values in this Retail Offer Booklet are in Australian dollars (A\$).

Trading New Shares

AJL will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by AJL or the AJL Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters you should first consult with your stockbroker, accountant or other professional adviser.

Refer to Section 5 for more details.

Retail Offer Booklet

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Key dates

Event	Date
Announcement of the Entitlements Offer (including the Retail Entitlements Offer) and completion of the Placement	Thursday, 18 May 2017
Record Date for eligibility in the Retail Entitlements Offer (7.00pm, Sydney time)	Monday, 22 May 2017
Retail Entitlements Offer opens	Thursday, 25 May 2017
Retail Offer Booklet despatched, including personalised Entitlements and Acceptance Form	Thursday, 25 May 2017
Retail Entitlements Offer closes (5.00pm, Sydney time) including retail oversubscriptions	Monday, 5 June 2017
Settlement of Retail Entitlements Offer	Friday, 9 June 2017
Issue of New Shares under the Retail Entitlements Offer	Tuesday, 13 June 2017
New Shares under the Retail Entitlements Offer commence trading on a normal settlement basis	Wednesday, 14 June 2017
Despatch of holding statements	Thursday, 15 June 2017

The timetable above is indicative only and may be subject to change. AJL reserves the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, AJL reserves the right to extend the closing date of the Retail Entitlements Offer, to accept late applications under the Retail Entitlements Offer (either generally or in particular cases) and to withdraw or vary the Retail Entitlements Offer without prior notice. Any extension of the closing date may have a consequential effect on the issue date of New Shares.

The commencement of quotation of New Shares is subject to confirmation from ASX.

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted. Eligible Retail Shareholders (as defined in Section 5.1) wishing to participate in the Retail Entitlements Offer are encouraged to submit their personalised Entitlements and Acceptance Form as soon as possible after the Retail Entitlements Offer opens.

Enquiries

If you have any questions, please call the AJL 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 AJL Offer Information Line will be open from 8.30am to 5.00pm (Sydney time), Monday to Friday until 16 June 2017.

Alternatively, you can access information about the Retail Entitlements Offer online at www.lucas.com.au.



Letter from the Chairman

25 May 2017

Dear Shareholder,

On behalf of AJ Lucas Group Limited (**AJL**), I am pleased to invite you to participate in a 1 for 2 pro rata accelerated non-renounceable entitlements offer of new AJL ordinary shares (**New Shares**) at an offer price of \$0.275 per New Share (**Offer Price**), to raise gross proceeds of up to \$53.7 million (**Entitlements Offer**).

The Entitlements Offer comprises an institutional component (**Institutional Entitlements Offer**) and a retail component (**Retail Entitlements Offer**), and follows the completion of a placement of ordinary shares to institutional investors raising \$5 million (**Placement**), as announced on 18 May 2017.

Under the Retail Entitlements Offer, eligible shareholders are being offered the opportunity to subscribe for 1 New Share for every 2 existing AJL ordinary shares (**Shares**) held on the Record Date of 7.00pm (Sydney time) 22 May 2017 (**Retail Entitlements**). The Offer Price of \$0.275 per New Share represents a discount of 12.7% to the last closing market price of Shares on ASX on Wednesday, 17 May 2017, the business day before AJL's Shares were placed in a trading halt pending announcement of the Entitlements Offer, and an 8.0% discount to the theoretical ex-rights price (**TERP**)¹. New Shares will rank equally with existing Shares in all respects from allotment.

Eligible retail shareholders may also apply for additional New Shares in excess of their Retail Entitlements up to that number of Shares that equal their Retail Entitlements as at the Record Date (**Additional New Shares**) (i.e., if their entitlements were 2,000 New Shares they may apply for up to a further 2,000 Additional New Shares, being up to 4,000 Shares in total for which they can subscribe). Any application for Additional New Shares under this facility is subject to scale back at AJL and the Underwriter's absolute discretion.

As announced to ASX on 22 May 2017, AJL has successfully completed the Institutional Entitlements Offer, raising \$36.2 million for AJ Lucas, with approximately 89% of entitlements available to eligible institutional shareholders taken up.

The Retail Entitlements Offer is expected to raise up to \$17.5 million. This offer booklet (**Retail Offer Booklet**) relates to the Retail Entitlements Offer and Entitlements allotted under it. This Retail Offer Booklet contains important information about the Retail Entitlements Offer and AJL's business under the following headings:

- Key dates;
- Summary of options available to you;
- Actions required by you;

¹ TERP is the theoretical price at which AJL shares trade immediately after the ex-date for the Entitlements Offer and assuming 100% take-up of the Entitlements Offer. TERP is a theoretical calculation only and the actual price at which AJL Shares will trade immediately after the ex-date for the Entitlements Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to AJL's closing price on Wednesday, 17 May 2017.

- Australian taxation considerations;
- ASX announcements (including the AJL Investor Presentation); and
- Important information.

Accompanying this Retail Offer Booklet is your personalised Entitlements and Acceptance Form which contains details of your Retail Entitlements. Your Retail Entitlements may have value and it is important that you determine whether to take up or do nothing in respect of your Retail Entitlements (see Section 2).

The Retail Entitlements Offer closes at 5.00pm (Sydney time) on Monday, 5 June 2017. To participate, you need to ensure that you have completed your application by paying the Offer Price multiplied by the number of New Shares you are applying for (**Application Monies**) by BPAY®, or by lodging your personalised Entitlements and Acceptance Form with your Application Monies paid by cheque, bank draft or money order so that they are received before this time in the manner described in this Retail Offer Booklet.

If you choose to do nothing, your Retail Entitlements will lapse and you will receive no value for your Retail Entitlements.

Please carefully read this Retail Offer Booklet in its entirety and consult your stockbroker, solicitor, accountant or other professional adviser before making your investment decision. In particular, you should read and consider the “Key risks” section of the AJL Investor Presentation included in Section 4 of this Retail Offer Booklet which contains a summary of some of the key risks associated with an investment in AJL.

If you have any questions in respect of the Entitlements Offer please call the AJL Offer Information Line on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia) at any time from 8.30am to 5.00pm (Sydney time) Monday to Friday until 16 June 2017.

Yours faithfully,



Phil Arnall

Chairman

Section 1 Summary of options available to you

If you are an Eligible Retail Shareholder (as defined in Section 5.1) you may take any one of the following actions:

- take up all of your Retail Entitlements;
- take up some of your Retail Entitlements and allow the balance to lapse;
- take up all of your Retail Entitlements and apply for Additional New Shares (as set out in Section 5.8); or
- do nothing, in which case your Retail Entitlements will lapse and you will receive no value for those lapsed Retail Entitlements.

If you are a retail shareholder that is not an Eligible Retail Shareholder, you are an Ineligible Retail Shareholder (as defined in Section 5.1).

Ineligible Retail Shareholders are not entitled to participate in the Retail Entitlements Offer.

Options available to you	Key considerations
1. Take up all or some of your Retail Entitlements	• You may elect to purchase New Shares at the Offer Price (see Section 2.5.1 for instructions on how to take up your Retail Entitlements). • The New Shares will be fully paid and from allotment rank equally in all respects with existing Shares and will be entitled to dividends/distributions on the same basis as existing Shares. • The Retail Entitlements Offer closes at 5.00pm (Sydney time) on Monday, 5 June 2017. • If you only take up some of your Retail Entitlements, the part not taken up will lapse and you will have your percentage holding in AJL reduced. • Please follow the instructions on your personalised Entitlements and Acceptance Form.
2. Take up all of your Retail Entitlements and apply for Additional New Shares	• Eligible Retail Shareholders may, in addition to their Retail Entitlements, apply for Additional New Shares. Refer to Section 5.8 if you wish to apply for Additional New Shares. • A single cheque, bank draft or money order should be used, or, if you are paying by BPAY®, a single payment should be made for the Application Monies for your Retail Entitlements and the number of Additional New Shares you wish to apply for.
3. Do nothing, in which case your Retail Entitlements will lapse and you will receive no payment or value for those lapsed Retail Entitlements	• If you do not take up any of your Entitlements, you will not be allocated New Shares and your Retail Entitlements will lapse. Your Retail Entitlements are non-renounceable and cannot be traded on ASX or any other exchange, nor can they be privately transferred. • You will not receive any payment or value for those Retail Entitlements not taken up. • If you do not take up any Retail Entitlements, you will have your percentage holding in AJL reduced.

Section 2 Actions required by you

2.1 Overview of the Entitlements Offer

As part of the Entitlements Offer, Eligible Retail Shareholders (as defined in Section 5.1) are being offered the opportunity to subscribe for 1 New Share for every 2 existing Shares held as at 7.00pm (Sydney time) on Monday, 22 May 2017 (**Record Date**), at the Offer Price of \$0.275 per New Share.

The Entitlements Offer is comprised of:

- **Institutional Entitlements Offer** – eligible institutional shareholders were given the opportunity to take up all or some of their Entitlements. Entitlements under the Institutional Entitlements Offer (**Institutional Entitlements**) were non-renounceable;
- **Retail Entitlements Offer** – Eligible Retail Shareholders (as defined in Section 5.1) will be allotted Retail Entitlements under the Retail Entitlements Offer which can be taken up in whole or in part. Retail Entitlements are non-renounceable and are not tradeable or otherwise transferable; and
- **Retail overallocation facility** – Eligible Retail Shareholders may also apply for Additional New Shares in excess of their Retail Entitlements up to that number of Shares that equal their Retail entitlements as at the Record Date (i.e., if their Retail Entitlements were 2,000 New Shares they may apply for up to a further 2,000 Additional New Shares, being up to 4,000 Shares in total for which they can subscribe). The maximum number of Additional New Shares AJL would issue in satisfaction of applications for overallocations it may receive under the retail overallocation facility would be capped at 5 million. Any application for Additional New Shares is subject to scale back at AJL and the Underwriter's absolute discretion.

Patersons Securities Limited has been appointed by AJL as Lead Manager and Underwriter (the **Underwriter**) and has received firm commitments from AJL shareholders representing 60% of the share register (prior to the Placement), with the Underwriter agreeing to part underwrite the **Entitlements Offer Balance**². The Underwriter has obtained sub-underwriting support from AJL's largest shareholder, Kerogen Investments No. 1 (HK) Limited (**Kerogen**), and certain existing and new institutional investors. Kerogen subscribed in full for its pro rata entitlements (\$28.5 million) under the Institutional Entitlements Offer and has agreed to sub-underwrite 50% of the Entitlements Offer Balance, equivalent to \$10.7 million, to support the Entitlements Offer.

You have a number of decisions to make in respect of your Retail Entitlements. These decisions may materially affect the value (if any) that may be received in respect of your Retail Entitlements. You should read this Retail Offer Booklet carefully before making any decisions in relation to your Retail Entitlements.

Further details on the Retail Entitlements Offer and retail overallocation facility are set out below.

2.2 The Retail Entitlements Offer

Under the Retail Entitlements Offer, Eligible Retail Shareholders (as defined in Section 5.1) are invited to apply for 1 New Share for every 2 existing Shares held as at the Record Date at the Offer Price of \$0.275 per New Share.

The offer ratio and Offer Price under the Retail Entitlements Offer are the same as for the Institutional Entitlements Offer.

The Retail Entitlements Offer opens at 9.00am (Sydney time) on Thursday, 25 May 2017 and will close at 5.00pm (Sydney time) on Monday, 5 June 2017.

² 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

2.3 Your Retail Entitlements

Your Retail Entitlements are set out on the accompanying personalised Entitlements and Acceptance Form and have been calculated as 1 New Share for every 2 existing Shares you held as at the Record Date. If the result is not a whole number, your Retail Entitlements will be rounded down to the nearest whole number of New Shares.

In addition, Eligible Retail Shareholders may also apply for Additional New Shares in excess of their Retail Entitlements up to that number of Shares that equal their Retail Entitlements as at the Record Date (i.e., if their Retail Entitlements were 2,000 New Shares they may apply for up to a further 2,000 Additional New Shares, being up to 4,000 Shares in total for which they can subscribe). The maximum number of Additional New Shares AJL would issue in satisfaction of applications for overallocations it may receive under the retail overallocation facility would be capped at 5 million. Additional New Shares will only be allocated to Eligible Retail Shareholders, if and to the extent that AJL and the Underwriter so determine, in their absolute discretion, having regard to circumstances at the time of the close of the Retail Entitlements Offer.

Any Additional New Shares will also be limited to the extent that there are sufficient New Shares from Eligible Retail Shareholders who do not take up their full Retail Entitlements. AJL and the Underwriter may scale-back applications made for Additional New Shares (in their absolute discretion).

If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlements and Acceptance Form and you will have separate Retail Entitlements for each separate holding.

New Shares issued under the Retail Entitlements Offer (including any Additional New Shares) will be fully paid and from allotment rank equally in all respects with existing Shares and will be entitled to dividends/distributions on the same basis as existing Shares.

See Sections 5.1 and 5.14 for information on restrictions on participation in the Retail Entitlements Offer.

2.4 Consider the Retail Entitlements Offer carefully in light of your particular investment objectives and circumstances

The Retail Entitlements Offer is being made pursuant to provisions of the Corporations Act which allow entitlements offers to be made without a prospectus. This Retail Offer Booklet does not contain all of the information which may be required in order to make an informed decision regarding an application for New Shares offered under the Retail Entitlements Offer. As a result, it is important for you to read carefully and understand the information on AJL and the Retail Entitlements Offer made publicly available, including the information lodged by AJL with ASX as part of its continuous disclosure obligations, prior to deciding whether to take up all or some of your Retail Entitlements or do nothing in respect of your Retail Entitlements. In particular, please refer to this Retail Offer Booklet and other announcements made available at www.asx.com.au (including announcements which may be made by AJL after publication of this Retail Offer Booklet).

Please consult with your stockbroker, accountant or other professional adviser if you have any queries or are uncertain about any aspect of the Retail Entitlements Offer. You should also refer to the “Key risks” section of the AJL Investor Presentation included in Section 4 of this Retail Offer Booklet.

2.5 Options available to you

If you are an Eligible Retail Shareholder, you may take any of the following actions. Each of these options may have a materially different outcome on any value you receive in respect of your Retail Entitlements:

- (a) take up all or some of your Retail Entitlements or take up all of your Retail Entitlements and apply for Additional New Shares (see Section 2.5.1); or
- (b) do nothing, in which case your Retail Entitlements will lapse and you will receive no payment or value for those lapsed Retail Entitlements (see Section 2.5.2).

2.5.1 If you wish to take up all or some of your Retail Entitlements, or take up all of your Retail Entitlements and apply for Additional New Shares

If you wish to take up all or some of your Retail Entitlements, or if you wish to take up all of your Retail Entitlements and apply for Additional New Shares, please either:

- complete and return the personalised Entitlements and Acceptance Form with the requisite Application Monies; or
- pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlements and Acceptance Form,

in each case, by no later than 5.00pm (Sydney time) on Monday, 5 June 2017.

You may only apply for Additional New Shares in excess of your Retail Entitlements up to that number of Shares that equal your Retail Entitlements as at the Record Date (i.e., if your Retail Entitlements were 2,000 New Shares, you may apply for up to a further 2,000 Additional New Shares, being up to 4,000 Shares in total for which you can subscribe).

Application Monies received by AJL in excess of the amount in respect of your Retail Entitlements may be treated as an application to apply for as many Additional New Shares up to that number of Shares that equal your Retail Entitlements as at the Record Date, as that excess amount will pay for in full at the Offer Price.

If you take up and pay for all or some of your Retail Entitlements before the close of the Retail Entitlements Offer, it is expected that you will be issued New Shares on Tuesday, 13 June 2017. If you apply for Additional New Shares then, subject to AJL and the Underwriter's absolute discretion to scale back your application for Additional New Shares (in whole or part), you will be issued those Additional New Shares on Tuesday, 13 June 2017. The decision on the number of Additional New Shares to be issued to you will be final.

2.5.2 If you take no action

If you take no action, you will not be allocated New Shares and your Retail Entitlements will lapse. Your Retail Entitlements are non-renounceable and will not be tradeable or otherwise transferable. Shareholders who do not take up their Retail Entitlements in full will not receive any payment or value for those Retail Entitlements they do not take up.

2.6 Payment

You can pay in the following ways:

- by BPAY®; or
- by cheque, bank draft, or money order.

Cash payments will not be accepted. Receipts for payment will not be issued. AJL will treat you as applying for as many New Shares (and any Additional New Shares in accordance with Section 2.5.1) as your payment will pay for in full at the Offer Price.

Any Application Monies received for more than your final allocation of New Shares (and any Additional New Shares) will be refunded as soon as practicable after the close of the Retail Entitlements Offer. No interest will be paid to applicants on any Application Monies received or refunded.

Payment by BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlements and Acceptance Form. You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure you use the specific Biller Code and your unique Customer Reference Number (**CRN**) on your personalised Entitlements and Acceptance Form. If you have multiple holdings and consequently receive more than one personalised Entitlements and Acceptance Form, when taking up your Retail Entitlements in respect of one of those holdings only, use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your application will not be recognised as valid.

Please note that should you choose to pay by BPAY®:

- you do not need to submit your personalised Entitlements and Acceptance Form but are taken to make the declarations, representations and warranties on that personalised Entitlements and Acceptance Form and in Section 2.8; and
- if you do not pay for your full Retail Entitlements, you are deemed to have taken up your Retail Entitlements in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the AJL Share Registry by no later than 5.00pm (Sydney time) on Monday, 5 June 2017. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should take this into consideration in the timing of when you make payment.

Payment by cheque, bank draft or money order

For payment by cheque, bank draft or money order, you should complete your personalised Entitlements and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to “AJ Lucas Group Limited Entitlements Offer” and crossed “Not Negotiable”.

Your cheque, bank draft or money order must be:

- for an amount equal to the full Application Monies (being \$0.275 multiplied by the number of New Shares that you are applying for and any Additional New Shares in accordance with Section 2.5.1); and
- in Australian currency drawn on an Australian branch of a financial institution. Payment cannot be made in New Zealand dollars. New Zealand resident shareholders must arrange for payment to be made in Australian dollars.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque will be processed on the day of receipt. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlements and Acceptance Form, you will be taken to have applied for such lower whole number of New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your personalised Entitlements and Acceptance Form) and to have made the representations and warranties in Section 2.8. Alternatively, your application will not be accepted.

2.7 Mail delivery

To participate in the Retail Entitlements Offer, your payment must be received no later than the close of the Retail Entitlements Offer, being 5.00pm (Sydney time) on Monday, 5 June 2017. If you make payment via

cheque, bank draft or money order, you should mail your completed personalised Entitlements and Acceptance Form together with Application Monies to:

Mailing Address

AJ Lucas Group Limited
C/- Computershare Investor Services Pty Limited
GPO Box 2987, Adelaide SA 5001, Australia

Personalised Entitlements and Acceptance Forms and Application Monies will not be accepted at AJL's registered or corporate offices or other offices of the AJL Share Registry.

2.8 Representations by acceptance

By completing and returning your personalised Entitlements and Acceptance Form or making a payment by BPAY® or otherwise applying to participate (including after having acquired Retail Entitlements in New Shares), you will be deemed to have represented and warranted to AJL on behalf of yourself and each person or account for which you are acting that you are an Eligible Retail Shareholder and:

- acknowledge that you have read and understand this Retail Offer Booklet and your personalised Entitlements and Acceptance Form in their entirety;
- agree to be bound by the terms of the Retail Entitlements Offer, the provisions of this Retail Offer Booklet (including Sections 2.8 and 5.5), and AJL's constitution;
- authorise AJL to register you as the holder(s) of New Shares (and any Additional New Shares) allotted to you;
- declare that all details and statements in the personalised Entitlements and Acceptance Form are complete and accurate;
- declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the personalised Entitlements and Acceptance Form;
- acknowledge that once AJL receives your personalised Entitlements and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your application or funds provided except as allowed by law;
- agree to apply for and be issued up to the number of New Shares (and any Additional New Shares) specified in the personalised Entitlements and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Offer Price per New Share (and any Additional New Share);
- authorise AJL, the AJL Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares (and any Additional New Shares) to be issued to you, including to act on instructions of the AJL Share Registry upon using the contact details set out in your personalised Entitlements and Acceptance Form;
- declare that you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlements and Acceptance Form as being held by you on the Record Date;
- acknowledge that the information contained in this Retail Offer Booklet and your personalised Entitlements and Acceptance Form is not investment advice nor a recommendation that New Shares (and any Additional New Shares) are suitable for you given your investment objectives, financial situation or particular needs;
- acknowledge that this Retail Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in AJL and is given in the context of AJL's past and ongoing continuous disclosure announcements to ASX;

- acknowledge the statement of risks in the “Key risks” section of the AJL Investor Presentation contained in Section 4 of this Retail Offer Booklet, and that investments in AJL are subject to risk;
- acknowledge that none of AJL or its respective related bodies corporate and affiliates and their respective directors, contractors, partners, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of AJL, nor do they guarantee the repayment of capital;
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlements Offer and of your holding of Shares on the Record Date;
- authorise AJL to correct any errors in your personalised Entitlements and Acceptance Form or other form provided by you;
- represent and warrant (for the benefit of AJL and its related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlements Offer either directly or through a nominee, are not an Ineligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlements Offer;
- represent and warrant that the law of any place does not prohibit you from being given access to this Retail Offer Booklet and the personalised Entitlements and Acceptance Form, nor does it prohibit you from making an application for New Shares (and any Additional New Shares) and that you are otherwise eligible to participate in the Retail Entitlements Offer;
- represent and warrant that you are not in the United States and you are not acting for the account or benefit of a person in the United States;
- understand and acknowledge that neither the Entitlements (including, the Retail Entitlements) nor New Shares (and any Additional New Shares) have been, and none of them will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States; and that the Entitlements (including, the Retail Entitlements) may not be taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of a person in the United States. You further acknowledge that New Shares (and any Additional New Shares) offered and sold pursuant to the Retail Entitlements Offer may only be offered and sold outside the United States in “offshore transactions” (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act;
- are subscribing for Retail Entitlements or purchasing New Shares (and any Additional New Shares) in an “offshore transaction” (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act;
- have not and will not send this Retail Offer Booklet, the personalised Entitlements and Acceptance Form or any other materials relating to the Retail Entitlements Offer to any person in the United States or any other country outside Australia and New Zealand;
- if in the future you decide to sell or otherwise transfer the New Shares (and any Additional New Shares), you will only do so in “regular way” transactions on the ASX or otherwise where neither you nor any person acting on your behalf know, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or is acting for the account or benefit of a person in the United States; and
- if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the personalised Entitlements and Acceptance Form is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Retail Offer Booklet, the personalised Entitlements

and Acceptance Form or any information relating to the Retail Entitlements Offer to any such person.

2.9 Enquiries

If you have not received or you have lost your personalised Entitlements and Acceptance Form, or have any questions, please contact the AJL Offer Information Line on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia). The AJL Offer Information Line will be open from 8.30am to 5.00pm (Sydney time), Monday to Friday, until 16 June 2017. Alternatively, you can access information about the Retail Entitlements Offer online at www.lucas.com.au. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

Section 3 Australian taxation considerations

Set out below is a general summary of the Australian income tax, goods and services tax (**GST**) and stamp duty implications associated with the subscription of New Shares and the subscription of Additional New Shares for certain Eligible Retail Shareholders (for the purposes of this Section 3, collectively the **Transactions**).

The summary does not take account of the individual circumstances of particular Eligible Retail Shareholders and does not constitute tax advice. It does not take into account any financial objectives, tax positions, or investment needs of Eligible Retail Shareholders. The tax implications associated with the Transactions will vary depending on your particular circumstances. Neither AJL nor any of its officers or employees, nor its taxation or other advisers, accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences. ***You should consult your own professional tax adviser regarding the consequences of the Transactions to you in light of your particular circumstances.***

The comments in this section deal only with the Australian taxation implications associated with the Transactions if you:

- are a resident for Australian income tax purposes; and
- hold your Shares on capital account.

The comments do not apply to you if you:

- are not a resident for Australian income tax purposes; or
- hold your Shares as revenue assets or trading stock (which will generally be the case if you are a bank, insurance company or carry on a business of share trading), or acquired your Shares for the purpose of on-sale at a profit; or
- acquired the Shares in respect of which the Retail Entitlements are issued under any employee share scheme or where the New Shares (and any Additional New Shares) are acquired pursuant to any employee share scheme.

This summary is based on Australian tax laws and regulations and the current administrative practice of the Australian Taxation Office (**ATO**) as at the date of this Retail Offer Booklet. Other than as expressly discussed, the summary does not take into account or anticipate changes in Australian tax law or future judicial interpretations of law after this time unless otherwise specified. The summary also does not take into account tax legislation of any country other than Australia.

3.1 Issue of Retail Entitlements

The issue of the Retail Entitlements should not, of itself, result in any amount being included in your assessable income.

3.2 Exercise of Retail Entitlements and applying for Additional New Shares

If you take up (i.e. exercise) all or some of your Retail Entitlements, you will acquire New Shares. You will also acquire Additional New Shares if your application for Additional New Shares is accepted. The cost base (and reduced cost base) for capital gains tax (**CGT**) purposes of each New Share and Additional New Share will be equal to the Offer Price for those New Shares and Additional New Shares (respectively) plus certain non-deductible incidental costs you incur in acquiring them.

No income tax or capital gains tax liability will arise for you on the exercise of your Retail Entitlements or on acquiring any Additional New Shares if you apply for Additional New Shares and your application for Additional New Shares is accepted.

3.3 Retail Entitlements not taken up

Any Retail Entitlements not taken up under the Retail Entitlements Offer will lapse to the extent not taken up, and the Eligible Retail Shareholder will not receive any consideration. In these circumstances, there should not be any tax implications for an Eligible Retail Shareholder from the lapse of all or some of their Retail Entitlements.

3.4 Dividends on New Shares and Additional New Shares

Any future dividends or other distributions made in respect of New Shares and Additional New Shares will be subject to the same income taxation treatment as dividends or other distributions made on existing Shares held in the same circumstances.

3.5 Disposal of New Shares and Additional New Shares

The disposal of a New Share or an Additional New Share will constitute a disposal for CGT purposes.

On disposal of a New Share or Additional New Share, you will make a capital gain if the capital proceeds received on disposal exceed the total cost base of the New Share or Additional New Share (as relevant). You will make a capital loss if the capital proceeds are less than the total reduced cost base of the New Share or Additional New Share. The cost base of New Shares and Additional New Shares is described above in Section 3.2.

Eligible Retail Shareholders who are individuals, trustees or complying superannuation entities that have held New Shares or Additional New Shares for 12 months or more at the time of disposal (not including the date of acquisition or disposal) should be entitled to apply the applicable CGT discount factor to reduce the capital gain (after offsetting any available capital losses).

The CGT discount factor is 50% for individuals and trustees and 33⅓% for complying superannuation entities.

New Shares will be treated for the purposes of the CGT discount as having been acquired when you exercise your Retail Entitlements and the Additional New Shares will be treated as having been acquired when they are issued to you. Accordingly, in order to be eligible for the CGT discount on the disposal of a New Share or Additional New Share:

- the New Share must be held for at least 12 months after the date that you exercised your Retail Entitlements; and
- the Additional New Share must be held for at least 12 months after the date that it was issued to you.

If you make a capital loss, you can only use that loss to offset capital gains from other sources; i.e. the capital loss cannot be used against taxable income on revenue account. However, if the capital loss cannot be used in a particular income year it can be carried forward to use in future income years, providing certain tests are satisfied.

3.6 Taxation of Financial Agreements

The Taxation of Financial Arrangements rules pursuant to Division 230 of the *Income Tax Assessment Act 1997* (Cth) (**TOFA Provisions**) operate to make assessable or deductible, gains or losses arising from certain “financial arrangements”. An entitlement or right to receive a share is a “financial arrangement”. However, depending on the circumstances of the particular Eligible Retail Shareholder, the TOFA Provisions may not apply. Further, certain taxpayers (including many individuals) may be excluded from the operation of the TOFA Provisions unless they have made a valid election for it to apply.

The application of the TOFA Provisions is dependent on the particular facts and circumstances of the Eligible Retail Shareholder. Each Eligible Retail Shareholder should obtain their own advice regarding the potential application of the TOFA Provisions to their particular facts and circumstances.

3.7 Provision of TFN and/or ABN

AJL is required to deduct withholding tax from payments of dividends that are not 100% franked, at the rate specified in the Taxation Administration Regulations 1976 (currently 49%), and remit such amounts to the ATO, unless you have quoted a TFN or an ABN, or a relevant exemption applies (and has been notified to AJL). You are able to provide your TFN, ABN or relevant exemption online with AJL's register at www.computershare.com/au. When providing your details online, you will be required to enter your SRN/HIN as shown on your Issuer Sponsored/CHESS statements and other personal details such as your postcode.

3.8 Other Australian Taxes

No Australian GST or stamp duty will be payable by Eligible Retail Shareholders in respect of the issue or taking up of Retail Entitlements, the acquisition of New Shares or the acquisition of any Additional New Shares, pursuant to the Retail Entitlements Offer.

Section 4 ASX Announcements (including AJL Investor Presentation)



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 Balance¹, 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 Balance¹ 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;

¹ 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.

Event	Date
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:

AJ Lucas Group Limited +61 (0)2 9490 4000
Marcin Swierkowski Company Secretary

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.

Disclaimer

This announcement is not financial product or investment advice, a recommendation to acquire new shares or accounting, legal or tax advice. It does not constitute an invitation or offer to apply for new shares. It has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial and tax situation and needs and seek legal and taxation advice appropriate for their jurisdiction. AJ Lucas is not licensed to provide financial product advice in respect of an investment in shares.

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This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States. The securities described in this announcement have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the **U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and other applicable U.S. state securities laws.

CAPITAL RAISING AND CORPORATE UPDATE

18 May 2017



LUCAS

Retail Entitlements Offer
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Disclaimer

This Presentation has been prepared by AJ Lucas Group Limited (ACN 060 309 104) (**AJL**).

Summary information

- This Presentation contains summary information about AJL. This information is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor should consider when making an investment decision or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act. This Presentation should be read in conjunction with AJL's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**), which are available at www.asx.com.au.

Not an offer

- This Presentation is not a prospectus, product disclosure statement or other offering document under Australian law (and will not be lodged with ASIC) or any other law. This Presentation is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction.

Not investment advice

- This Presentation does not constitute investment or financial product advice nor any recommendation to acquire entitlements or new shares in AJL (**New Shares**). It is not intended to be used as the basis for making a financial decision, nor is it intended to constitute legal, tax, or accounting advice or opinion. Any references to, or explanations of, legislation, regulatory issues, benefits or any other legal commentary (particularly in the "Key risks" section of this Presentation) are indicative only, do not summarise all relevant issues and are not intended to be a full explanation of a particular matter. Recipients should make their own enquiries and investigations regarding any investment, and should seek their own professional advice on the legal, financial, accounting, taxation and other consequences of investing in any securities in AJL.
- This Presentation has been prepared without taking into account your investment objectives, financial situation or particular needs. No reliance may be placed for any purpose whatsoever on the information contained in this Presentation or on its accuracy or completeness. Any reliance on this communication could potentially expose you to a significant risk of losing all of the funds invested by you in AJL or the incurring by you of additional liability.

Investment risk

- An investment in shares is subject to known and unknown risks, some of which are beyond the control of AJL, including possible loss of income and principal invested. AJL does not guarantee any particular rate of return or the performance of AJL, nor does it guarantee the repayment of capital from AJL or any particular tax treatment.
- Investors should have regard to the risk factors outlined in this Presentation when making their investment decision.

Forward looking statements

- This Presentation contains forward looking statements. You should be aware that such statements are only estimates or predictions, which may be based on subjective judgments and assumptions as to future events, which may or may not occur and which are subject to inherent risks and uncertainties, many of which are beyond the control of AJL. Actual events or results may differ materially from the events or results expected or implied in any forward looking statement. No representation or warranty (whether express or implied) is made as to the accuracy or likelihood of fulfilment of any forward looking statement.

Past performance

- Investors should note that past performance, including past share price performance and historical information in this Presentation is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) future performance including future share price performance. This historical information is not represented as being indicative of AJL's views on its future financial condition and/or performance. The historical information in this Presentation is, or is based upon, information that has been released to ASX.

Disclaimer (continued)

Disclaimers

- None of ALL's advisers or Patersons Securities Limited, nor any of their respective affiliates, related bodies corporate, directors, officers, partners, employees, contractors, professional advisers or agents ("Limited Parties"), have authorised, permitted or caused the issue, submission, dispatch or provision of this Presentation and there is no statement in this presentation which is based on any statement by them. None of the Limited Parties take any responsibility for any information in this presentation or any action taken by investors on the basis of such information and, except to the extent referred to in this Presentation, none of them makes or purports to make any statement in this Presentation.
- Not all of the information contained in this Presentation has been subject to independent audit or review. No representation or warranty, express or implied, is made as to the currency, accuracy, fairness, sufficiency, reliability or completeness of the information, projections, opinions or beliefs contained in this Presentation. To the maximum extent permitted by law, no liability (including without limitation, any liability arising out of mistakes, omissions, misstatements, misrepresentations in this Presentation or out of any other fault or negligence) is accepted by ALL, its officers, employees or contractors or the Limited Parties for any loss, cost or damage suffered or incurred as a result of the reliance on such information, projections, opinions or beliefs. The Limited Parties make no recommendations or endorsements as to whether any recipient should participate in the Offer and, to the maximum extent permitted by law, disclaim any fiduciary relationship with any recipient.
- The information in this Presentation remains subject to change without notice. ALL reserves the right to withdraw the Offer and/or vary the timetable for the Offer without notice. ALL, its officers, employees and contractors and the Limited Parties undertake no obligation to provide any recipient with access to any additional information or to notify any recipient or any other person of any matter arising or coming to its notice after the date that this Presentation was issued.
- Investors represent, warrant and agree that they have not relied on any statements made by any of the Limited Parties in relation to the issue of new shares or the Offer generally.

Financial data

- All dollar values are in Australian dollars (**A\$**), unless otherwise stated. Financial data is presented at actual foreign exchange rates, unless otherwise stated. A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculations of these figures may differ from figures set out in this Presentation.
- Unless specifically indicated in this Presentation, the financial information contained in this Presentation has not been audited, examined or otherwise reviewed in accordance with Australian Accounting Standards.

Distribution restrictions

- Neither this Presentation, nor any copy of it, may be taken, transmitted into or otherwise made available in the United States or any jurisdiction where their issuance, distribution or transmission are prohibited under the law of that jurisdiction. Any failure to comply with any such restriction may constitute a violation of relevant local securities laws.

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CAPITAL RAISING



Entitlements offer and placement to new institutional investors

Offer summary

- Pro-rata accelerated non-renounceable entitlements offer (**Offer**) to raise up to \$53.7 million.
- Offer to existing shareholders at \$0.275 per New Share; 1 New Share for every 2 existing shares held.
- The Underwriter has received firm commitments to participate in the Offer from existing AJL shareholders totalling \$32.2 million. The Underwriter has agreed to partially underwrite the balance of the Offer (**Offer Balance**¹), such that the minimum amount that will be raised under the Offer is \$48.2 million.

Placement to new institutional investors

- Immediately prior to the Offer, a non-underwritten placement to new institutional investors (**Placement**) has been successfully completed, raising \$5.0 million, also at \$0.275 per Placement share.
 - Investors receiving Placement shares will not be entitled to participate in the Offer in respect of those shares.

Strong support from existing investors representing 60% of the share register (prior to Placement)

- Kerogen Investments No.1 (UK) Limited (**Kerogen**) (53.1% stake prior to Placement) has agreed to take up its pro rata entitlement of \$28.5 million and to sub-underwrite up to 50% of the Offer Balance, equivalent to \$10.7 million.
- OCP Asia (Singapore) Pte. Limited (and associated entities) (**OCP**) (5.9% stake prior to Placement) has agreed to take up its pro rata entitlement of \$3.1 million.
- Other minority investors have agreed to take up their pro rata entitlements representing approximately 1% of the Offer.

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



Capital raising to complete announced refinancing and fund operational growth

- Net proceeds from the Offer and Placement are expected to be between approximately \$52 million and \$57 million.
- Proceeds from Kerogen's participation in the Offer (inclusive of any sub-underwriting) will be used to reduce the existing Kerogen subordinated debt facility.
 - Depending on the amount of sub-underwriting allocated to Kerogen, the reduction in the Kerogen facility will be between A\$33.7 million and \$39.2 million.
 - This debt reduction meets a requirement under the balance sheet restructuring announced in June 2016 to reduce the Kerogen facility by a minimum of US\$25 million (c.A\$33.7 million) from the proceeds of the Offer.
 - The debt reduction will reduce interest expense by more than A\$550,000 per month.
- Remaining net cash proceeds of up to approximately \$24 million will be used to support growth in the Australian operating businesses and fund further development of AJL's shale gas interests in the UK, as follows:
 - 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 and water segments;
 - To fund potential bolt-on acquisitions; and
 - In the UK, funding will be applied to further develop opportunities beyond the current two well program at Preston New Road, and to AJL's share of Cuadrilla's general and administrative expenses.



Background to the Offer





Details of the Offer

Offer description	▪ 1 for 2 pro-rata accelerated non-renounceable entitlements offer (Offer) to raise up to \$53.7 million. ▪ Up to 195.3 million new AJL shares to be issued under the Offer. ▪ Offer Shares will rank equally in all respects with existing shares from the date of issue.
Offer price	▪ \$0.275 per Share: 12.7% discount to AJL's closing price of \$0.315 on 17 May 2017. • 8.0% discount to the theoretical ex-rights price¹ of \$0.299.
Institutional Entitlements Offer	▪ Institutional Entitlements Offer open from 18 May 2017 to 19 May 2017. ▪ Any shares not taken up under the Institutional Entitlements Offer would be allocated to the Underwriter in accordance with the terms of the Underwriting Agreement.
Retail Entitlements Offer	▪ Retail shareholders have the opportunity to subscribe for additional shares up to the number of their entitlement, subject to the aggregate of all such oversubscriptions not exceeding 5 million shares. • As an example, if a retail shareholder's original entitlement is 2,000 shares they may apply for up to a further 2,000 shares, being up to 4,000 shares in total for which they can subscribe. ▪ Allocations under this retail overallocation facility will be determined by AJL jointly with the Underwriter in their absolute discretion, and any additional allotment of overallocation shares is not guaranteed. ▪ Any retail overallocation shares will be limited to the extent that there are sufficient New Shares from eligible retail shareholders who do not take up their full entitlement. ▪ In accordance with the terms of the Underwriting Agreement, some or all shares not taken up under the Retail Entitlements Offer or under the retail overallocation facility may be allocated to the Underwriter. ▪ In the event of a shortfall following the allocation of shares in accordance with the Underwriting Agreement, the directors of AJL reserve the right to issue these shares following the close of the Retail Entitlements Offer, at an issue price of not less than the Offer price.

¹ The theoretical ex-rights price or TERP is the theoretical price at which AJL shares should trade immediately after the ex-date for the Offer. TERP is a theoretical calculation only and the actual price at which AJL shares trade immediately after the ex-date for the Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to AJL's closing price on the last day on which AJL shares traded before launch of the Offer (being 17 May 2017).



Shareholder, Director and Underwriter support

- The Underwriter has received firm commitments from existing AJL shareholders representing 60% of the share register (prior to Placement).
 - Kerogen (53.1% stake prior to Placement) has agreed to take up its pro rata entitlement of \$28.5 million and to sub-underwrite up to 50% of the Offer Balance, equivalent to \$10.7 million.
 - OCP (5.9% stake prior to Placement) has agreed to take up its pro rata entitlement of \$3.1 million.
 - Other minority investors have agreed to take up their pro rata entitlements representing approximately 1% of the Offer.
- The Underwriter has agreed to partially underwrite the Offer Balance, such that the minimum amount that will be raised under the Offer is \$48.2 million.
- Chairman Phil Arnall and Director Andrew Purcell have committed to take up their pro rata entitlements in the Offer.
- The issue of New Shares under the Entitlements Offer would potentially have the following effect on major shareholders who have committed to the Offer:

Substantial shareholder	Holding prior to Placement	Maximum pro-forma shareholding ¹
Kerogen	207.4 million	At close of Institutional Offer ²
		316.1 million
OCP	22.9 million	At close of Retail Offer ²
		350.2 million
		60.0%
		At close of Institutional Offer
		34.3 million
		At close of Retail Offer
		34.3 million
		6.4%
		5.9%

¹ Based on (i) completion of the Placement, (ii) participation in the Offer only by shareholders from whom firm commitments have been received upon launch of the Offer, and (iii) underwriting arrangements in place for the Offer.

² Maximum shareholding and % includes allocations to Kerogen as sub-underwriter, and will be lower where shareholders (other than those from whom firm commitments have been received) participate in the Offer.



Historical balance sheet and impact of refinancing

A\$m	Financial position at 31-Dec-15	Financial position at 31-Dec-16		Notes to Pro Forma adjustments
		Actual	Pro forma for Offer and Placement ¹	
Current Assets	57.5	77.9	98.7	Assumes net cash proceeds of \$20.8m ²
Non-Current Assets	173.7	163.2	163.2	
Total Assets	231.3	241.1	261.9	
Current Liabilities	53.8	66.0	29.5	Assumes reduction in Kerogen facility of \$36.5m ²
Non-Current Liabilities	98.0	108.6	108.6	
Total Liabilities	151.8	174.7	138.2	
Net Assets	79.5	66.4	123.7	
Total Equity	79.5	66.4	123.7	Assumes net proceeds from Placement and Offer of c.\$57.2m ²

1 Based on balance sheet reported at 31 December 2016 and intended for illustrative purposes only, to demonstrate the impact of the Offer and partial repayment of the Kerogen facility. Does not take into account movements since 31 December 2016. A AUD:USD exchange rate of 0.7410 has been assumed.

2 The pro forma numbers are based on the mid-point of potential participation rates in the Offer, and assume that any unallocated shares following the Retail Entitlements Offer are placed at \$0.275.

Description of outstanding facilities following Offer and Placement

Facility	Balance following Offer and Placement ¹		Maturity	Interest
	US\$m	A\$m		
Senior Secured (USD)	45.0	60.7	June 2019	12% cash interest per annum (paid quarterly), with a further 6% accrued interest per annum (payable on maturity).
Subordinated (USD)	38.7	52.2	December 2019 ²	16% per annum (compounding and payable on maturity) until June 2018, and 18% per annum thereafter ³ .

1 Based on AUD:USD of 0.7410; and on a \$36.5m reduction in Kerogen facility from Offer proceeds, as described in Footnote 2 in the Pro Forma table above (potential range \$33.7 – 39.2 million).

2 If the senior secured facility is prepaid before June 2019, the subordinated facility will mature six months following the maturity of the senior secured facility.

3 Based on the assumptions adopted, at the completion of the Offer a tranche of approximately US\$4.3 million (A\$5.8 million) of the subordinated facility will attract an interest rate of 20% per annum until June 2018, and 21% thereafter.



AJL progress since March 2016 equity raising

1

Balance sheet restructure:

- US\$45 million, three-year senior facility.
- Kerogen facility extended to December 2019.

2

Funding in place for Phase I Bowland exploration at the PNR site to drill, complete and test gas flows from two horizontal wells.

3

Settlement of outstanding ATO and legal liabilities.

4

UK Government planning permission for exploration at PNR:

- Centrica farm-in recommenced.
- Site preparations well progressed.

5

UK Shale gas sector momentum:

- Cuadrilla, iGas and Third Energy exploration approvals.
- INEOS acquisition of Engie stakes.

6

Improved order books for Australian operating businesses, LDS and LEC.



Indicative Offer timetable¹

Event	Date
Announcement of Offer, Placement, and Trading Halt	Thursday, 18 May 2017
Institutional Entitlements Offer opens	Thursday, 18 May 2017
Institutional Entitlements Offer closes	Friday, 19 May 2017
AJL shares recommence trading on ASX	Monday, 22 May 2017
Record Date for Entitlements Offer (7:00pm, Sydney time)	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	Friday, 26 May 2017
Institutional Entitlements Offer shares allotted and issued and commence normal settlement trading	Monday, 29 May 2017
Retail Entitlements Offer closes	Monday, 5 June 2017
Announce results of Retail Entitlements Offer	Thursday, 8 June 2017
Settlement of Retail Entitlements Offer shares	Friday, 9 June 2017
Retail Entitlements Offer shares allotted and issued ²	Tuesday, 13 June 2017
Normal trading of Retail Entitlements Offer shares ²	Wednesday, 14 June 2017
Despatch of holding statements for Retail Entitlements Offer shares ²	Thursday, 15 June 2017

¹ Timetable is indicative and subject to change at discretion of AJL

² Including New Shares under retail overallocation facility



AJ LUCAS CORPORATE OVERVIEW



Corporate summary

Corporate Overview

INVESTMENT	OPERATING BUSINESS UNITS	
UK Gas	Drilling Services (LDS)	Engineering & Construction (LEC)
Exploration for and commercialisation of unconventional UK hydrocarbons, based on our historical exploration and drilling experience	The major drilling provider to the coal sector in Australia for mine degassing, exploration and CSG extraction	Pipeline contractor to leading infrastructure customers in the gas, water, wastewater and coal sectors
One of the largest shale gas acreage positions in the UK	Delivering intelligent and practical solutions to support Australian miners and infrastructure providers	
Focused on unlocking value in the untapped unconventional gas resources of the UK	Focused provider of surface-to-inseam (SIS) coal mine gas extraction and well field services	Provides complementary construction services for the public utilities customers
		

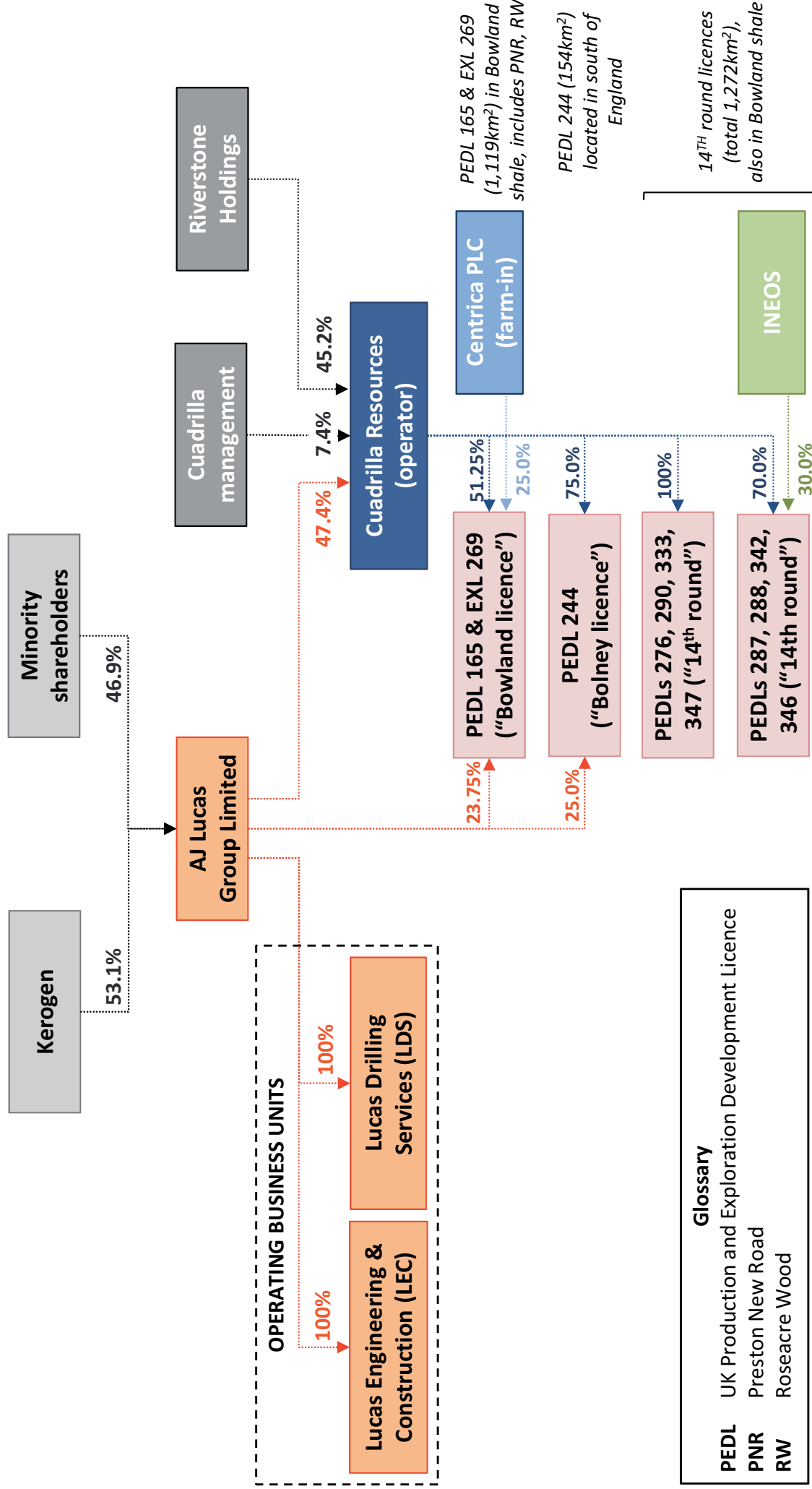
Ownership and governance

AJL Board	Substantial Shareholders (% holdings prior to Placement)	
Chairman	Phil Arnall	Kerogen (Specialist O&G private equity fund) 53.1%
Director	Julian Ball	
Director	Ian Meares	Paul Fudge (Unconventional energy investor) 11.8%
Director	John O'Neill	
Director	Andrew Purcell	OCP (Asia-based investment manager) 5.9%
AJL Nominees on Cuadrilla Board		
Chairman	Roy Franklin	
Director	Ivor Orchard	
Director	Phil Arnall	
AJL Key Financials		
Market Cap prior to Placement (as at 17 May 2017)		A\$123 million
Net debt (as at 31 December 2016)		A\$105 million
Enterprise Value		A\$228 million
Underlying Group EBITDA 30 June 2016A (full year)		A\$14.6 million



AJ Lucas & Cuadrilla corporate structure

AJ Lucas effective interest in Bowland licence = 48.0%



Glossary

PEDL	UK Production and Exploration Development Licence
PNR	Preston New Road
RW	Roseacre Wood



BOWLAND SHALE GAS OPPORTUNITY AND PROGRESS

Potential for gas extraction from the Bowland shale

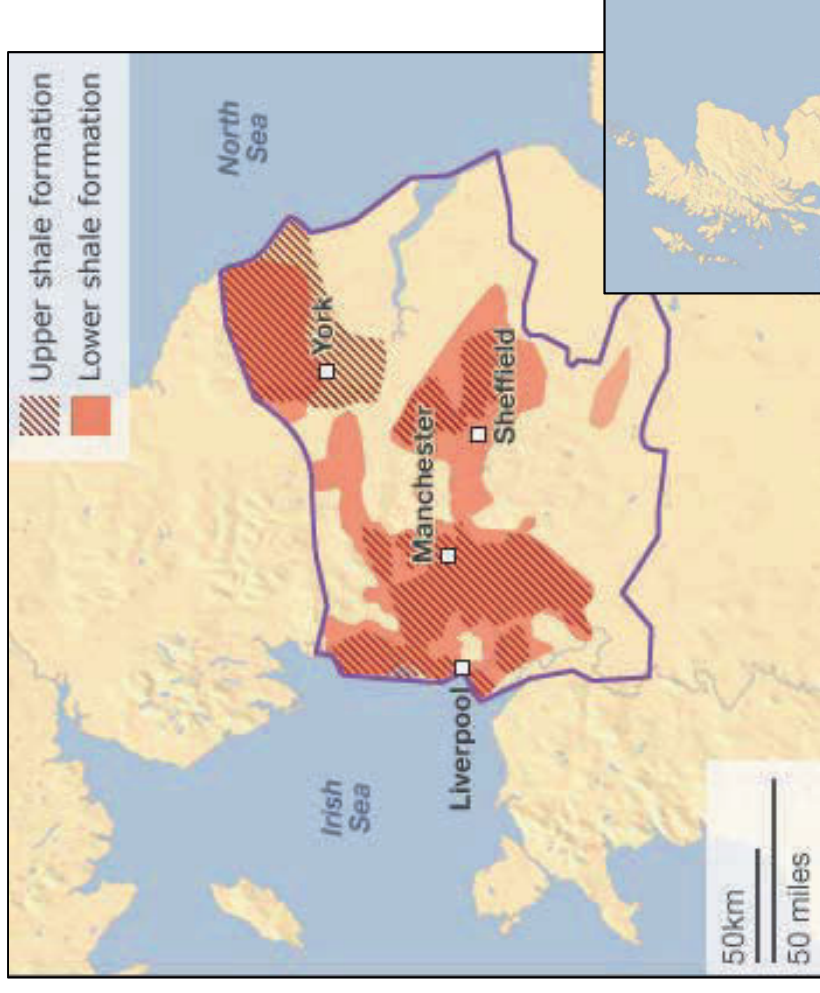
Significant Bowland shale gas extraction potential based on independent research

- British Geological Survey (BGS) scientists have estimated total gas in place within northern England's Bowland shale is 1,329 trillion cubic feet (**tcf**) (central estimate; lower and upper range 822 tcf and 2,281 tcf¹).
- If 10% of the central estimate is recoverable, the Bowland shale could meet the UK's current natural gas consumption for more than 50 years.

Bowland shale profile attractive for commercialisation

- Over 1,000m thickness of shales and associated lithologies identified within the region.
- Bowland shale can and has been fractured.
- The shale strata are located several thousand feet below the level of aquifers.
- Close to pipeline infrastructure: UK's extensive pipeline network has potential to facilitate cost efficient distribution of gas produced from the Bowland shale.
- Potential for exportation of excess gas.

Map of the Bowland shale



Source: BGS/DECC Bowland Shale gas study, 2013

¹ BGS/DECC Bowland Shale gas study, 2013 (note this comment refers to the entire Bowland shale and not only the licences in which AIL holds a stake)



Potential for gas extraction from the Bowland shale (cont'd)

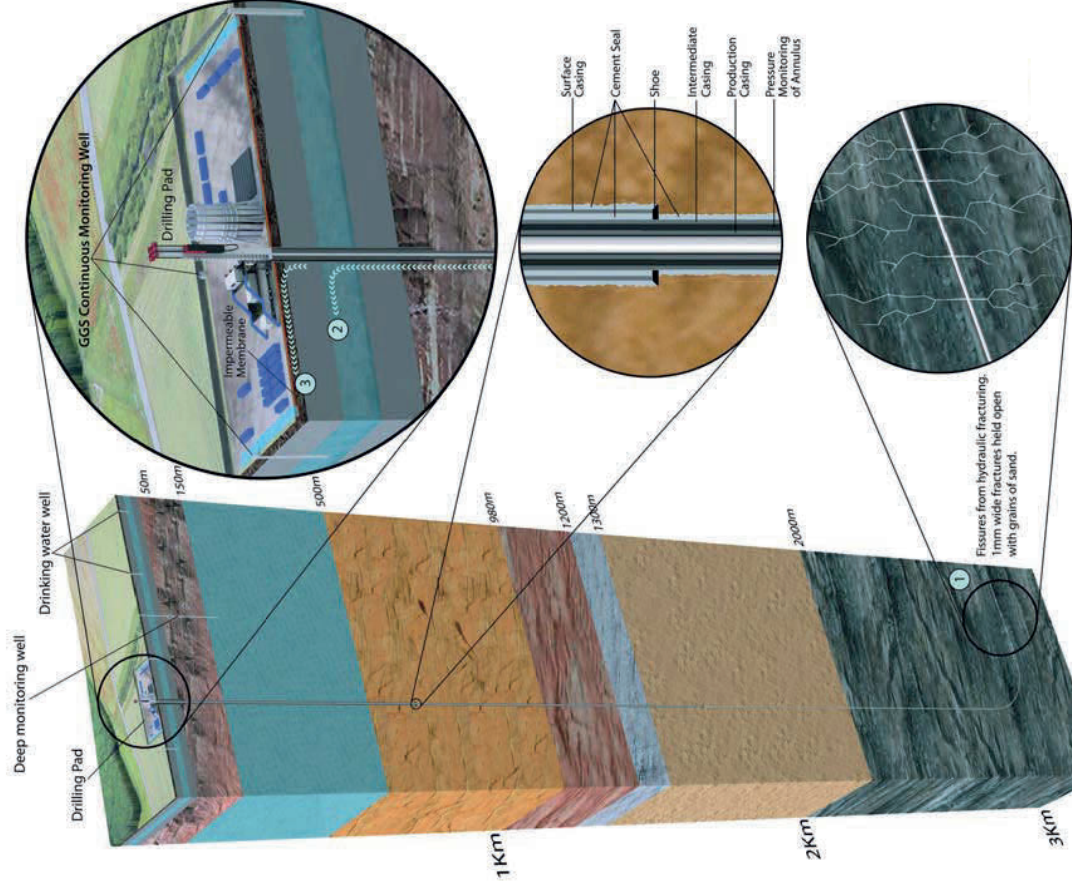
Shale cores taken by Cuadrilla from Beconsall and Grange Hill, near the PNR site, demonstrate promising lithology



Preese Hall, less than 10 kms from the PNR site, flowed gas after drilling and fracking by Cuadrilla in 2011

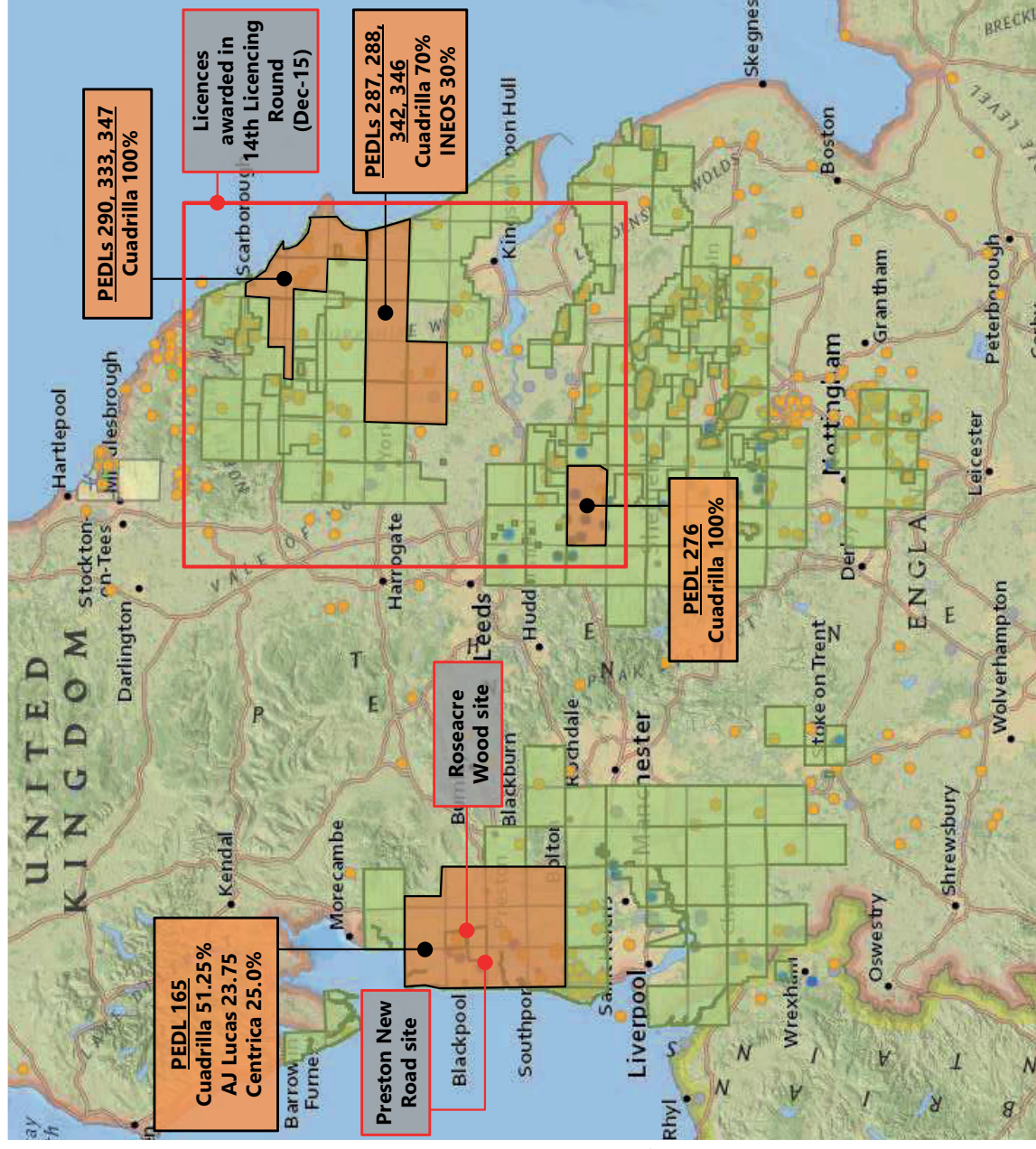


Representative Bowland shale geology



Bowland licence details

- Cuadrilla is the operator of licences in the Bowland shale totalling 2,391 km², making it one of three significant operators by licence area along with INEOS and iGas (each with gross licence area >2,000 km²).
 - Of these, only Cuadrilla has received approval to frack.
- The PNR and RW exploration sites are within the PEDL 165 licence, part of the Bowland shale in the North West of England.
- Most recent well drilled and fracked in the Bowland shale flowed gas (by Cuadrilla, approx. 10kms from PNR, 2011).
- PNR and RW are located near existing gas pipelines, which would enable cost effective transport of gas into the UK's extensive gas distribution network.





UK planning approval represents a defining step towards commercialisation of UK acreage

- Cuadrilla Resources Holdings (**Cuadrilla**), as operator of PEDL 165, received planning permission from the UK Government in October 2016 to drill, frack and test gas flow of up to four wells at the PNR site in Lancashire.
 - In January 2017, Cuadrilla commenced site preparations at PNR for an initial two horizontal well exploration program. Initial flow testing is expected to be completed in the first half of calendar year 2018.
 - On 12 April 2017, a number of applications challenging the UK Government’s planning permission were dismissed by the UK High Court.
 - Two applicants whose applications were denied by the High Court have indicated an intention to appeal to the Court of Appeal.
- The UK Secretary of State for Communities and Local Government (**SOS**) advised he was also minded to grant planning consent at Cuadrilla’s RW site, pending a further inquiry into highway safety conditions.
 - Cuadrilla intends to submit updated traffic proposals to an inquiry likely to be held in Q2 calendar year 2018, after which the SOS will make his final decision in respect of RW.

AJL’s UK shale gas objectives

“To participate in the exploration for and commercial recovery of hydrocarbons in the Bowland Basin and other prospective acreage, with a focus on delivering attractive returns to AJL shareholders.”



Macro support for UK shale gas extraction

UK gas sources, 2015¹



Strong UK Government support for shale gas extraction

- The UK Government strongly supports the development of a commercial shale gas industry in the UK.
- The Government's stated rationale is that "shale gas has the potential to provide the UK with greater energy security, growth and jobs".

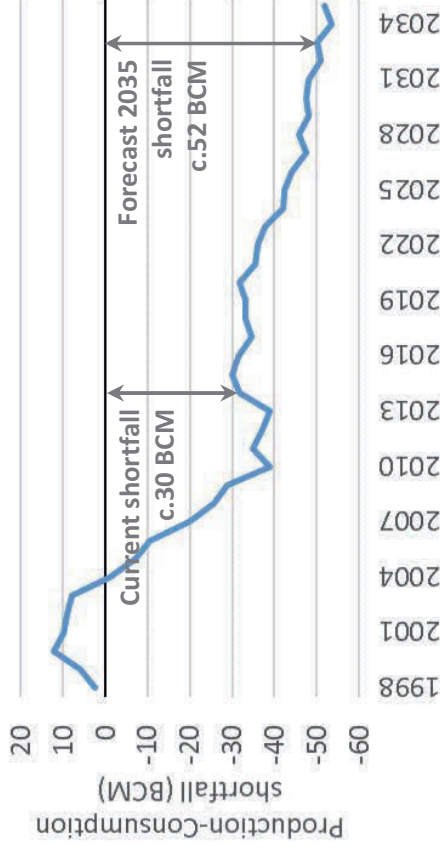
Importance of natural gas to the UK economy

- In 2015, just over a third of the UK's energy came from natural gas (of which 45% was from UK production).

Increasing reliance on natural gas imports

- Since 2004, consumption of natural gas in the UK has exceeded UK production¹.
- In 2015, the gap between natural gas produced and consumed in the UK had widened to 30 billion cubic metres per annum².
- The UK Government predicts that by 2030 nearly three quarters of UK gas will be imported, in the absence of an increase in domestic production².
- Production-Consumption shortfall estimated to widen to 52 billion cubic metres by 2035².

Widening UK Production-Consumption shortfall²



1 Source: UK Department of Energy and Climate Change, 2015 (infographic source: British Gas)

2 UK O&GA and DECC projections, March 2017



Other UK shale gas industry activity

INEOS
• Multinational chemicals company, and Britain's largest privately owned firm. • Has steadily built its shale portfolio to become the UK's largest shale gas licence holder • Acquired the interests of French energy company Engie (minority interests in 15 licences) in March 2017 (price undisclosed). — Three of the licences are operated by INEOS, eight by iGas Energy and four by Cuadrilla. • In 2014, INEOS announced it was planning to invest US\$1 billion in UK shale gas exploration and appraisal.

iGas Energy
• UK publicly listed company. • April 2017: announced completion of significant equity raising and reduction and restructuring of outstanding debt. • March 2017: approval from Nottinghamshire County Council (NCC) for an exploration well at Tinker Lane. • November 2016: approval from NCC for two exploration wells at Misson. • July 2016: independently estimated 102 tcf of shale gas initially in place (GIIP), of which 11 tcf unrisks prospective resource¹. • March 2015: secured a farm-out agreement with INEOS. • Acquired Dart Energy in May 2014; at the time Dart Energy had disclosed potential GIP in UK shale of 76-110 tcf.

Third Energy
• Majority owned by Barclays plc. • In December 2016 a High Court judge dismissed a judicial review brought against North Yorkshire County Council's (NYCC's) decision to grant planning permission for Third Energy to frack its existing KM8 well at Kirby Misperton. • KM8 well drilled by Third Energy in 2013. • Third Energy has stated that it is focused on meeting NYCC planning permissions and UK Environmental Agency requirements before proceeding to frack the KM8 well.

¹ Source: DeGolyer & MacNaughton

Centrica farm-in transaction

Background to Centrica farm-in

- In June 2013, AJL and Cuadrilla announced the sale of a combined 25% interest in Bowland to Centrica plc in return for staged payments and carry totalling up to GBP160 million.
- Centrica is a leading UK listed, FTSE100 British energy company and one of the largest energy suppliers in the UK.
- In consideration for the 25% stake, Centrica agreed to:
 - Make an upfront payment to Cuadrilla /AJL of GBP40 million.
 - Fully carry the next GBP60 million of expenditure at Bowland.
 - Make a further cash payment of GBP60 million, contingent on achieving certain operational milestones.

Revised Centrica farm-in (August 2015)

- In August 2015, Centrica, AJL and Cuadrilla announced the following revised amendments to the farm-in:
 - Remainder of the GBP60 million carry was to be deferred until planning approval for PNR or RW was obtained.
 - The contingent cash payment of GBP60 million was converted to a GBP46.7 million contingent carry (to be applied against various appraisal and development activities).

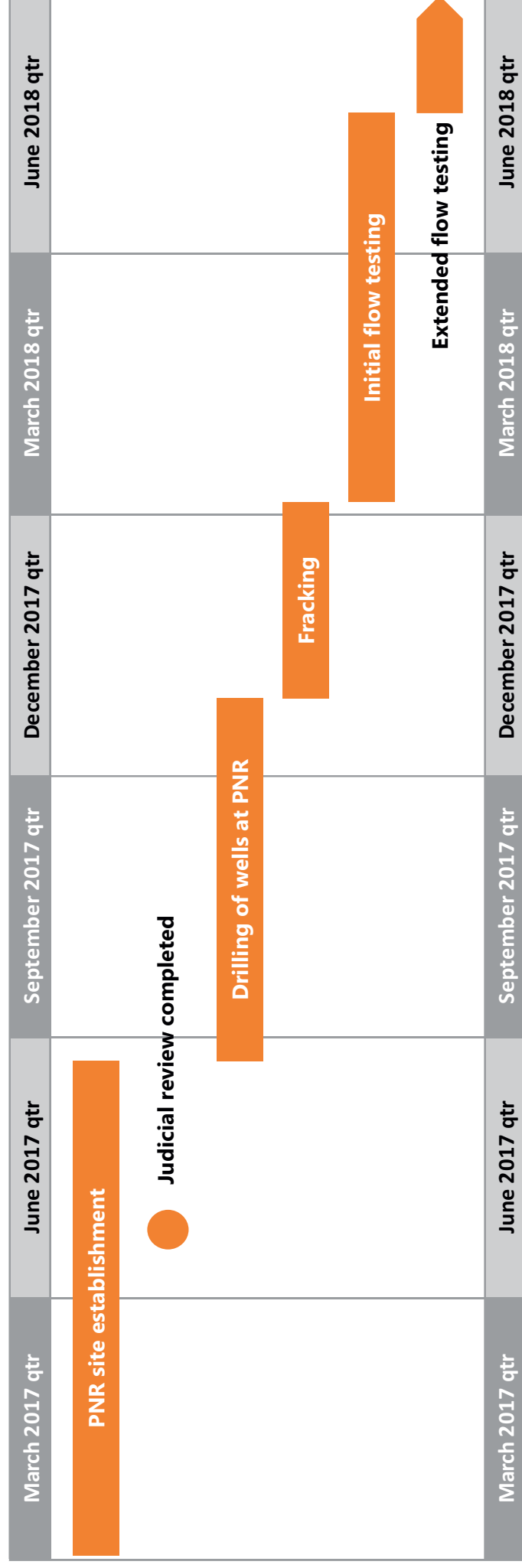
Current farm-in status

- The October 2016 UK planning permission triggered the recommencement of the remaining GBP60 million initial carry, substantially reducing AJL's financial commitments during exploration.
- As at 31 December 2016 Centrica's remaining initial carry obligation was approx. GBP30 million (US\$35.9 million).
- Farm-in funding from Centrica is presently being utilised to complete PNR site establishment, and will be utilised in future to fund drilling and fracking at PNR.

Indicative timeline for PNR appraisal programme¹

Indicative timeline for appraisal programme

- PNR site preparations are expected to be completed by June 2017.
- Drilling is then expected to commence in late June or July 2017 with an initial two wells drilled, hydraulically fractured and ready to flow test by Q1 of calendar year 2018.



¹ Timeline for PNR appraisal programme is indicative only and subject to change.



AUSTRALIAN OPERATING BUSINESS UPDATE



AJL financial overview

Ongoing improvement in underlying Australian operations, balance sheet support to fund growth and UK investment commitments

Financial year ended 30 June - A\$m	FY11A	FY12A	FY13A	FY14A	FY15A	FY16A	1H17A
Performance of Australian businesses							
Group revenues	433.4	504.3	294.8	227.9	145.0	125.5	51.4
Group reported EBITDA	29.4	(21.5)	(19.3)	(5.5)	5.3	(2.4)	(5.7)
Loss / (gain) on UK assets	1.5	3.7	5.3	(4.2)	(4.1)	9.6	5.0
Australia EBITDA	30.9	(17.9)	(14.0)	(9.7)	1.2	7.1	(0.8)
Balance sheet metrics							
Interest bearing and historical tax liabilities	160.4	165.7	128.5	96.1	109.3	105.7	143.4 ¹
Net receivables	(27.2)	(63.3)	(22.3)	(26.4)	(10.5)	(5.2)	(2.5)
Net debt / (Net debt + book equity)	63%	54%	30%	16%	22%	19%	22%
Equity raised (A\$m)		49.2	138.3	67.0	0.0	23.5	1.9
Shares issued (m)		36.5	108.5	55.9	0.0	13.7	9.0
Average issue price (A\$)		\$1.35	\$1.27	\$1.20	n/a	\$0.21	\$0.21
Average issue price: FY11 – current (A\$)							\$0.87

1 Prior to \$33.7 - 39.2 million reduction of the Kerogen facility from the proceeds of the Offer.

Business Highlights

- LDS is a market leader in coal seam development and exploration drilling in Australia and the leading surface-to-inseam (SIS) directional driller to Australia's coal sector.
- Comprehensive offering to coal market including technical consultancy, exploration, production, directional, well design, steering services, completion, surface infrastructure, civil and construction.
- Outstanding safety record: no lost time injuries since FY15.

Customers base dominated by low cost coking coal and CSG producers:

- Anglo
- Arrow
- BHP-Mitsubishi
- Rio Tinto
- South32
- Whitehaven

Recent financial performance and outlook

- LDS revenues in 1H17 were affected by challenging conditions in the coal mining industry and the conclusion of a key long-term contract in the June 2016 quarter.
- Considerable progress in new markets in 1H17, with CSG and Water segments delivering \$10.8 million in revenue and further growth opportunities identified. Lower margins in these sectors are expected to improve as service delivery becomes more efficient.

Financials metrics (year ended 30 June - A\$m)							
	2011A	2012A	2013A	2014A	2015A	2016A	1H17A
Revenue	185.9	189.6	163.4	94.2	83.5	79.6	34.6
Underlying EBITDA	19.1	14.9	23.5	10.8	6.2	11.4	1.6

Recent financial performance and outlook (continued)

- Adverse weather affecting Queensland's Bowen Basin during 2H2017 has impacted customers' operations. As a result the business unit expects to generate a modest positive underlying EBITDA in 2H2017.
- Drilling activity in the coal market, particularly in Queensland, is increasing and the division has an improved order book driven by demand from established customers.





Lucas Engineering & Construction (LEC) overview

Business Highlights

- Specialist civil engineering contractor focused on long distance, high pressure pipeline construction for clients in the Australian resources, energy and water sectors.
- Work tendered on a standalone basis and in formal joint ventures (JVs). JV partners include Spiecapag (international pipeline and facilities specialist), Downer and Zinfra.
- Strong safety record with zero LTI incidents in the past 40 months; recognised by International Pipeline and Offshore Contractors Association (IPLOCA) health and safety award in 2016.

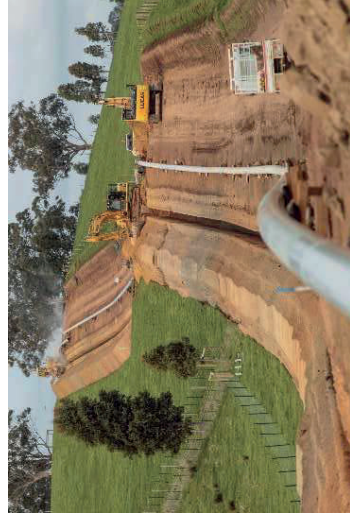
Current and future pipeline projects

- Currently completing the 165km Victorian Northern Interconnect Expansion (VNIE) project for APA Group in JV with Spiecapag (LEC revenue share c.\$35 million).
- Currently completing 4km 1 metre dia. Gas Suction Pipeline for South32 in Appin NSW (revenue c.\$7 million).
- Recently awarded harbour crossing of the Southern Pipeline in Tauranga New Zealand (revenue c.\$8 million).

Financials metrics (year ended 30 June - A\$m)									
	2011A	2012A	2013A	2014A	2015A	2016A	2017A	2018A	2019A
Revenue	247.4	314.6	131.4	133.7	61.5	45.8	16.8		
Underlying EBITDA	6.3	(6.0)	(14.6)	1.7	8.0	6.9	(0.2)		

Recent financial performance and outlook

- Unseasonal wet weather caused extended site closure at VNIE project in 1H17, contributing to weaker revenue and EBITDA recognition in the period.
- Further adverse weather in 2H2017 impacted the VNIE project, offsetting recent contract wins. As a result it is expected that 2H2017 underlying EBITDA for LEC will be flat.
- A stronger order book in recent months has bolstered the outlook for LEC for the remainder of CY2017.





AJ Lucas investment highlights

Leverage to UK shale gas development

- AJL's interests in the Bowland shale represent some of the most advanced shale gas developments in the UK.
- Strong UK Government support, based on energy security and economic benefits.
- Significant momentum in the industry.

Funding in place

- AJ Lucas balance sheet restructured in 2016.
- US\$45 million, three-year senior facility in place to fund PNR exploration.
- Existing Kerogen facility extended to December 2019.

Planning permissions in place

- UK Government planning permission received for exploration at PNR.
- Site preparations well underway and drilling expected to start in the current quarter.
- Completion of Phase I exploration at PNR expected late H1 calendar 2018.

Improved order book

- Improved order books for Australian-based drilling and contracting businesses.
- LDS has increased drilling work with existing customers, renewed contracts and expanded into new market segments.
- Recent pipeline work awarded to LEC, with a number of attractive tender opportunities.



KEY RISKS



Key risks

Introduction

- As with all businesses, there are a number of factors that are specific to AJL and of a general nature that may have a material impact on AJL's future operating and financial performance. This section describes certain specific areas that are believed to be risks associated with AJL and with an investment in the New Shares.
- Each of the risks described below could, if they eventuate, have a material impact on AJL's operating and financial performance and on the market price of AJL's shares. These risk factors are not exhaustive. Whilst some of the risks identified can be mitigated by the use of safeguards and appropriate systems and actions, many of these risks are outside the control of AJL, the Directors and the senior executives of AJL.
- Risks have been outlined in three categories:
 - A. General risks relating to overseas investments of AJL including Cuadrilla;
 - B. General risks relating to the operating businesses of AJL and the markets in which they operate; and
 - C. Specific risks relating to investing in the New Shares.

A. General risks relating to overseas investments of AJL including Cuadrilla

Regulatory risk	a) AJL has an interest in a number of assets that are located in different jurisdictions. Accordingly, such assets are subject to risks particular to its location, such as changes in laws, practices and policies in the relevant jurisdiction, including laws that deal with overseas investments. b) In particular, there may be considerable resistance from the public or legislators or both in a region to certain exploration and development activities, particularly drilling and fracking, arising in connection with, for example, environmental sensitivities and concerns about pollution, concerns about the potential effects of fracking on aquifers or earth tremors and concerns about the impact of large scale drilling operations on landscapes, which may result in the suspension of activities, increasing regulations imposed on the activities, delays or cost increases.
UK regulatory risk	a) Following the dismissal by the UK High Court on 12 April 2017 of a number of applications challenging the UK Government's planning permission, two applicants have indicated an intention to appeal to the Court of Appeal. In the event of a successful appeal, the relevant court may choose to set aside some or all of the UK Government's planning permission, which may result in additional costs and extend the timeline for the proposed exploration program at PNR, or preclude the proposed exploration program at PNR. b) Assuming the appraisal programme proves commerciality, additional regulatory approvals will be required to further develop AJL's licences in the Bowland shale on a commercial scale. There may be considerable resistance from significant sections of the public to Cuadrilla's exploration and development activities, particularly drilling and fracking. c) Oil and gas tenements are issued by the UK government on terms and conditions set out in each license. Such terms typically require a tenement holder to relinquish a certain percentage of the license area at set times.
Currency risk	A substantial proportion of AJL's sales revenue, expenditures and cash flows are generated in Australian dollars. However, AJL is exposed to foreign currencies through its funding obligations to Cuadrilla which are expressed in United States dollars, and through its debt facilities, which are denominated in United States dollars. As a UK-domiciled company, a significant proportion of Cuadrilla's expenses are also denominated in GBP. Any adverse exchange rate fluctuations or volatility in such foreign currencies could have an adverse effect on AJL's ability to fund its financial obligations to Cuadrilla or repay its debt and on its future financial performance and position.
Inability to meet exploration licence funding obligations - AJL <i>Direct</i> Interests	Cuadrilla is the operator of the PEDL 165 and PEDL 244 licences, and under the joint operating agreements between the owners of the licences, Cuadrilla prepares the budget for exploration of these areas which is then approved by the joint operating committee. If AJL fails to make its required contributions to project expenditures in a timely manner, it is exposed to the risk that it may lose its Direct Interests in these licences by way of the forfeiture provisions under the joint operating agreements that govern the joint ventures.
AJL's inability to meet funding obligations - AJL <i>Indirect</i> Interests	Under the Cuadrilla Shareholders Agreement, AJL may be called upon to make further capital contributions to Cuadrilla. If AJL is not able to meet its equity funding obligations in Cuadrilla, it is likely that its ownership in Cuadrilla would be diluted, affecting the value of its shareholding in Cuadrilla.

A. General risks relating to overseas investments of AJL including Cuadrilla (continued)

Cuadrilla funding	In the event that Cuadrilla is unable to raise funding, as required, from its shareholders (AJL, Riverstone and Cuadrilla management) or other sources, it may not be able to take the required actions to execute its development plans for its key assets (notably, Bowland) and exit strategy, either in part or at all. This may affect the value of AJL's shareholding in Cuadrilla and possibly the value of AJL's Direct Interests.
Extent of, and ability to recover unconventional hydrocarbons	a) Cuadrilla's ability to develop its concessions for unconventional hydrocarbons depends upon the presence of significant in-place hydrocarbon resources in Cuadrilla's concession areas and the ability of Cuadrilla to recover those resources in a commercially viable manner. There can be no guarantee that Cuadrilla will be able to recover any hydrocarbons in its concession areas or that it will be able to do so at a cost that makes production commercially feasible, in which eventuality may lead to the loss of the Contingent Carry from Centrica. b) There has been, as yet, no commercial production of unconventional hydrocarbons in any of the countries in which Cuadrilla operates, whether by Cuadrilla or by any other party. The data provided by the initial seismic appraisals, drilling and testing of vertical wells (which has not been carried out so as to generate a continuous flow of gas over an extended period of time) and other exploration activities undertaken to date are insufficient at this stage to evaluate the likelihood of commercial recovery of unconventional hydrocarbons. c) Further drilling and production testing of horizontal wells will be necessary before Cuadrilla is able to make an estimate of recoverable volumes in any of its concessions and it is possible that such further drilling and production testing may not yield positive results. d) There is a risk that unconventional hydrocarbons extraction and recovery may not be feasible at all in Cuadrilla's concessions with existing technology due to technical complications arising from factors such as rock properties, reservoir pressure, fracture complexity and conductivity and other factors specific to the shale plays within Cuadrilla's concession areas. e) If recovery of hydrocarbons is technically feasible in Cuadrilla's concessions, there is a risk that it may not be commercially viable due to the costs of the technology, drilling, equipment and other resources needed to extract the hydrocarbons from the reservoirs, all of which will depend to a significant extent on the specific conditions of each particular reservoir. f) Commercial extraction of hydrocarbons will also depend on installation of infrastructure which will require Cuadrilla to obtain additional regulatory approvals. g) The commercial viability of any particular unconventional reservoir will be largely a function of the prevailing prices for oil and natural gas compared to the costs of extracting hydrocarbons from that reservoir. A higher cost base for a particular reservoir, whether due to its particular geophysical qualities or otherwise (including installation of gathering pipelines and related investments necessary to install any required supply infrastructure) could make profitable extraction from such reservoir impossible. h) If Cuadrilla is unable to recover hydrocarbons from its concessions at all, due to geological factors or technical infeasibility, or if it is able to recover hydrocarbons only at a cost which makes production commercially unviable, this may have a material adverse effect on the value of AJL's investment in Cuadrilla and the value of AJL's direct interests in the Bowland basin and the Weald basin.



Key risks

A. General risks relating to overseas investments of AJL including Cuadrilla (continued)

Risks relating to the unconventional hydrocarbon sector	AJL has international operations in the unconventional hydrocarbon sector. Any variance in the level of activity in these sectors may have an adverse effect on results and the factors influencing that variance may be beyond the control of AJL. These factors vary, but can include: • the legal and regulatory regimes governing the production of energy are subject to change; • energy exploration, especially in relation to unconventional resources such as shale gas, is speculative, capital intensive and can result in complete loss of capital; • a substantial or extended decline in gas prices may adversely affect AJL's business prospects, financial condition and results of operations; and • technical and other risks.
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B. General risks relating to the operating businesses of AJL and the markets in which they operate

Commercial, financial and operational risks	a) As a business operating in the engineering, energy, mining and infrastructure sectors, AJL faces general commercial risks, including the loss of major customers, competition and other causes of business interruption, each of which may have a material adverse effect on AJL. The development of new technologies which compete with AJL may also have a material adverse effect on AJL. b) AJL is subject to, and seeks to manage, a number of contractual risks which include the following: • AJL's businesses enjoy a number of contracts with long-term customers and business relationships. If any of these key customers reduce exploration or production or terminate the relationship, or if potential contracts are not awarded, this may have an adverse effect on the financial performance and/or financial position of AJL; • for certain major projects, AJL may need to participate in joint ventures which can bring counterparty risks or may limit AJL's access to opportunities if suitable joint venture partners are not available; • contracts in the sectors in which AJL operates often contain penalty clauses and contractual disputes can potentially have a material adverse effect on AJL; and • some projects depend on contractual rights to access sites owned or controlled by others and contractual disputes and other incidents affecting such access can cause disruption to AJL's operations.
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B. General risks relating to the operating businesses of AJL and the markets in which they operate (continued)

Technical and other operating risks	a) A range of factors may affect the investments of AJL, including, but not limited to, exploration, appraisal and production: • geological conditions; • unanticipated operating and technical difficulties encountered in seismic survey, drilling and production activities; • mechanical failure of operating plant and equipment; and • prevention of access by reason of community unrest, outbreak of hostilities, inability to obtain consents and approvals.
Resources sector risks	The resources sector as a whole in Australia is facing difficult times for a number of reasons, including a softening of commodity and LNG prices on the back of lower demand from key markets such as China for iron ore and coal (in particular), general market sentiment for precious commodities such as gold because of concern about the strength of economies such as the United States and in the European Union, Paris COP21 Agreement, political uncertainty at the Federal level, business uncertainty and political and legislative uncertainty at State levels because of responses of governments to environmental and other concerns around drilling and fracking. Industry participants such as producers, explorers and governments are responding to the difficulties by reducing or delaying levels of construction, exploration and production activity which potentially has a material adverse effect on the levels of work that contractors such as AJL are able to win and has and may again lead to existing contracts being reduced in scope or cancelled. In turn, if this significantly impacts cash produced by the business, this may increase AJL's need to source external funding to meet Cuadrilla's requirements.
Counterparty (client) payment risk	a) In the ordinary course of business, AJL extends credit terms and relies on its clients for payments. Should a client enter financial distress or become insolvent, AJL may not be paid for work completed. Should a project cease mid-construction, AJL may find itself with an unexpected under-employed workforce to manage. Preliminary works on some projects are commenced prior to formal contracts being signed. b) AJL maintains provisions for bad and doubtful debts which are regularly reviewed. If these provisions are inadequate, or a bad debt arises during a period for which no provision has yet been made, there may be an adverse impact on AJL's financial performance and position.
Project based sales revenue	A significant proportion of AJL's revenue and earnings is sourced from specific projects. These may not be repeated or offer recurring revenue following the end of the project's finite life. The number of projects awarded to AJL may also vary in number and value from year to year. AJL's operating and financial performance is partly dependent on its ability to win work and secure sufficient projects within contemplated timeframes. Failure to do so may have a significant impact on financial performance and any forecast earnings.

B. General risks relating to the operating businesses of AJL and the markets in which they operate (continued)

Project delays	a) Delays to the commencement or completion of work on projects have occurred from time to time and may occur in the future due to a variety of reasons, including general market down-turns, reductions in commodity prices, commercial factors/client delays, changes in the scope of work, legal issues, supply of labour, scarcity of quality materials and equipment, lower than expected productivity levels, accidents, natural disasters, inclement weather conditions, land contamination, regulatory intervention, delays in necessary approvals, difficult site access and industrial relations issues. b) Delays may lead to cost increases, some or all of which may not be recoverable by AJL, and may also result in an obligation by AJL to pay compensation for late completion, often in the form of liquidated damages. Delays in the execution of projects may result in projects not achieving their forecast level of profitability.
Cost variation	a) AJL regularly enters into contracts for construction and services projects following a competitive tendering process. Certain contracts entered into by AJL may be contracted on a fixed price basis with limited entitlements to price adjustments. Failure by AJL to properly assess and manage project risks may result in cost overruns which could cause the project to be less profitable than expected or loss making. If any of the above were to occur, there may be an adverse impact on AJL's future financial performance and financial position. b) Further, in some contracts, AJL assumes the risk that sub-contractors do not perform to their contracts. Although replacement sub-contractors can generally be appointed quickly, there is no assurance that their price will be the same as or lower than the original sub-contractor.
Unapproved contract variation	a) In the ordinary course of business, AJL submits variation claims in relation to ongoing or completed projects in support of work that is out of scope from the original contract. These variation claims involve negotiation with contractual counterparties. The forecast assumes certain portions of variation claims submitted will be received. b) To the extent that AJL recovers less than expected on the variations, its financial performance may be materially adversely impacted.

B. General risks relating to the operating businesses of AJL and the markets in which they operate (continued)

Debt facilities	a) The terms of the Senior and Kerogen subordinated facilities include a number of events of default, including non-payment of any amount due under the facility and breach of financial covenants which, if triggered, could require AJL to cure the event of default. If no cure is undertaken by AJL, AJL could be required to repay the outstanding commitments under the facility on demand from the lenders. b) If AJL is unable to repay or refinance its debt facilities upon maturity or in the event of a breach of covenant, AJL may have to seek further equity, dispose of assets or enter into new debt facilities on less favourable terms. These factors could materially adversely affect AJL's ability to operate its business and to fund capital expenditure and could materially adversely affect the financial performance of AJL. In such circumstances there is no guarantee that AJL will be able to refinance AJL's debt or obtain terms consistent with its current debt facilities.
Additional funding requirements and financing risk	a) Following the Offer the Company's ability to service its debt will continue to depend on its future performance, which may be affected by many factors, some of which may be beyond AJL's control and that of the Directors. Any inability of AJL to service its debt may have a material adverse effect on AJL. b) The inability to obtain additional finance from capital markets, if required, could have a material adverse effect on AJL's operations and its financial condition or performance.
Material contracts	a) A number of AJL's drilling contracts contain a right for the customer to terminate the contract at their convenience by providing notice to AJL. Under such arrangements, the customers are not required to state a reason for such termination nor are they required to attribute termination to any breach by AJL. b) The termination of any drilling contracts could have a material adverse effect on AJL's revenue. c) AJL regularly tenders for various new contracts and extensions to existing contracts. If AJL is unsuccessful in its tender activity or is unable to extend the terms of its existing contracts, this may have a material adverse effect on AJL's revenue.
Natural disasters and seasonal weather conditions	Some of the areas in which AJL has operations, particularly its drilling operations in Queensland, may be adversely affected by seasonal weather conditions. AJL is seeking to incorporate, and in some cases has incorporated wet weather standby payments to mitigate risks associated with wet weather events, thereby underpinning the revenue stream. The impact (directly or indirectly) of events beyond AJL's control may adversely impact AJL's operational and financial performance.

B. General risks relating to the operating businesses of AJL and the markets in which they operate (continued)

Environmental	a) Environmental laws and regulations in Australia and abroad can affect the operations of businesses, including AJL and entities in which it has an interest. These regulations provide penalties or other remedies for any violation of laws and regulations and, in certain circumstances, impose obligations to undertake remedial action. In common with other businesses in the energy, resources and infrastructure sectors, there is a risk that significant damages or penalties might be imposed on AJL or an entity in which it has an interest, including for certain discharges into the environment, effects on employees, sub-contractors or customers or as clean up costs. b) Private entities, including the owners of properties upon which AJL's wells (or the operations of an entity in which AJL has an interest) are drilled and facilities where AJL's waste materials are taken for reclamation or disposal, may also have the right to pursue legal actions to enforce compliance as well as to seek damages for non-compliance with environmental laws and regulations or for personal injury or property damage. In addition, the risk of accidental spills or releases of gas or hazardous materials could expose AJL to significant liabilities. Any significant increase in the costs of compliance with, or the liabilities and costs associated with any failure to comply with, environmental and operational safety laws and regulations could have a material adverse effect on AJL's business, prospects, financial condition or results of operations.
Availability of skilled employees, equipment and resources	AJL operates in sectors which are technically demanding and utilises a range of specialised equipment. To operate effectively, the business needs to continue to source and commission new equipment as well as recruit, train and retain skilled employees to operate the specialised equipment. The availability or supply of skilled personnel and the necessary equipment can be relevant to AJL's future financial performance and growth. The drilling industry in which AJL operates is capital intensive. The operating and financial performance of that division is partly reliant on adequate capital investment. AJL's capital expenditure requirements may impact the cash flow available to service financing obligations and pay dividends. Incurred capital expenditure may or may not deliver the expected operational benefits and may have a material adverse effect on AJL.
Reliance on key personnel	Like other companies, AJL's performance is dependent on the ability of its senior executives and key personnel to manage and grow its business and respond to customers' needs. The loss of the services of its senior executives or key personnel, or a loss of the ability to continue to attract and retain qualified and competent employees, could have a material adverse effect on AJL's operations and financial results. Continuity and retention of staff is important for customer retention and ongoing customer negotiations. A change of staff or resourcing issues could affect ongoing relationships with various parties connected to AJL.

B. General risks relating to the operating businesses of AJL and the markets in which they operate (continued)

Reputation and goodwill	There is significant goodwill vested in the “Lucas” trademark which may be adversely affected in a number of circumstances, including major breaches of workplace safety, litigation or accidents. Where such circumstances become known in its markets, there is a risk that AJL’s goodwill may be damaged, including goodwill arising from AJL’s reputation as a reliable and safe service provider. In addition, as with any listed company, AJL’s share price may be affected by market sentiment.
Labour disputes	If any material disputes were to arise between AJL and its employees or sub-contractors, there would be potential for disruption to the operations of AJL. Any disruption may increase labour costs and adversely impact revenue and profitability.
Litigation and legal risks	Litigation risks to AJL include, but are not limited to, claims from various parties, including employees, suppliers, customers and other contractual counterparties, government and special interest groups, as well as claims in relation to environmental matters, accidents and other commercial matters. To the extent that such risks are not covered by insurance, then any of an adverse outcome in litigation, the cost of responding to potential, threatened or actual litigation or the disruptive effect of disputes may have a material adverse impact on the financial performance of AJL.
Occupational Health and Safety	AJL’s operations are subject to a wide variety of stringent and complex law, regulations and permit requirements, many of which relate to the protection of human health, safety and the environment. The laws and regulations exist at the local, state, national and supranational levels. AJL manages risks associated with the occupational health and safety of its employees, sub-contractors and others. It is possible for incidents resulting in injuries to occur which may result in expenses which are not covered by insurance or which are in excess of the amount insured or provided for, with a resultant impact on AJL’s earnings.

C. Specific risks relating to investing in the Offer Shares

Market conditions	The market price of shares can fall, as well as rise, and may be subject to varied and unpredictable influences. Neither AJL nor the Directors warrant the future performance of the Offer Shares, AJL or any return on an investment in AJL.
Liquidity	a) There can be no guarantee that an active market in the Shares on ASX will exist at all times. There may be relatively few or many potential buyers or sellers of the Shares on the ASX at any given time. This may increase the volatility of the market price. It may also affect the market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for Shares that is less or more than the Offer Price for Offer Shares. b) Liquidity in AJL shares has typically been low and there can be no assurance that liquidity will improve.
Future issue of securities of AJL	It is possible that AJL may require further financing in addition to the amounts raised under the Offer. Any additional equity financing may dilute shareholdings, and any debt financing, if available, may involve restrictions on financing and operating activities. Any inability to obtain additional finance, if required, could have a material adverse effect on AJL's operations and its financial condition and performance.
Underwriting risk	AJ Lucas has entered into an underwriting agreement with the Underwriter to partly underwrite the Offer. If certain conditions are not satisfied or certain events occur under the underwriting agreement, the underwriter may terminate this agreement. If the underwriting is terminated for any reason, AJ Lucas' financial position may change, and it may need to take other steps to raise capital.



SELLING RESTRICTIONS

Selling restrictions

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the entitlements or any New Shares may not be circulated or distributed, nor may any entitlements or New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where New Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the New Shares pursuant to an offer made under Section 275 of the SFA except:
 - a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
 - b) where no consideration is or will be given for the transfer;
 - c) where the transfer is by operation of law;
 - d) as specified in Section 276(7) of the SFA; or
 - e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.



Selling restrictions (continued)

Hong Kong

WARNING: This document has not been, and will not be, authorized by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorize this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the entitlements and the New Shares have not been and will not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” (as defined in the SFO and any rules made under that Ordinance); or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the entitlements and the New Shares has been or will be issued, or has been or will be in the possession of any person for the purposes of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the entitlements or the New Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under that Ordinance.

United States

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 (the “**US Securities Act**”) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, any person in the United States, except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

Selling restrictions (continued)

United Kingdom

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the entitlements or the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to AJL. All applicable provisions of FSMA with respect to anything done in relation to the entitlements or the New Shares in, from or otherwise involving the United Kingdom have been complied and will be complied with.

European Economic Area (EEA)

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a “**Relevant Member State**”) an offer to the public of any entitlements or the New Shares may not be made in that Relevant Member State, except that the entitlements or the New Shares may be offered to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;
 - b) by the Underwriter to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Underwriter for any such offer; or
 - c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,
- provided that no such offer of the entitlements or the New Shares shall result in a requirement for the publication by AJL or the Underwriter of a Prospectus pursuant to Article 3 of the Prospectus Directive and each person who initially acquires the entitlements or the New Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with the Underwriter and AJL that it is a “qualified investor” within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression “**an offer of entitlements and New Shares to the public**” in relation to any entitlements and New Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and the entitlements and New Shares to be offered so as to enable an investor to decide to purchase or subscribe for the entitlements and New Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression “Prospectus Directive” means Directive 2003/71/EC (and any amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

AJL, the Underwriter and their affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement, and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Underwriter of such fact in writing may, with the consent of the Underwriter, be permitted to subscribe for or purchase the entitlements or the New Shares.

Section 5 Important information

This Retail Offer Booklet (including the ASX announcements in Section 4) and enclosed personalised Entitlements and Acceptance Form (**Information**) have been prepared by AJL.

This Information is dated 25 May 2017 (other than the Offer Announcement and the AJL Investor Presentation published on the ASX website on 18 May 2017). This Information remains subject to change without notice and AJL is not responsible for updating this Information.

There may be additional announcements made by AJL after the date of this Retail Offer Booklet and throughout the period that the Retail Entitlements Offer is open that may be relevant to your consideration of whether to take up or do nothing in respect of your Retail Entitlements. Therefore, it is prudent that you check whether any further announcements have been made by AJL (by visiting the ASX website at www.asx.com.au) before submitting your application to take up your Retail Entitlements or doing nothing with your Retail Entitlements.

No party other than AJL has authorised or caused the issue of this Information, or takes any responsibility for, or makes, any statements, representations or undertakings in this Information.

This Information is important and requires your immediate attention.

You should read this Information carefully and in its entirety before deciding how to deal with your Retail Entitlements. In particular, you should consider the risk factors outlined in the “Key risks” section of the AJL Investor Presentation included in Section 4 of this Retail Offer Booklet, any of which could affect the operating and financial performance of AJL or the value of an investment in AJL.

You should consult your stockbroker, accountant or other professional adviser to evaluate whether or not to participate in the Retail Entitlements Offer.

5.1 Eligible Retail Shareholders

This Retail Offer Booklet contains an offer of Retail Entitlements to subscribe for New Shares to Eligible Retail Shareholders in Australia or New Zealand and has been prepared in accordance with section 708AA of the Corporations Act as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84.

Eligible Retail Shareholders are those persons who:

- are registered as a holder of Shares as at the Record Date, being 7.00pm (Sydney time) on 22 May 2017;
- 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 ordinary shares for the account or benefit of persons in the United States;
- were not invited to participate (other than as nominee, in respect of other underlying holdings) under the Institutional Entitlements Offer, and were not treated as ineligible institutional shareholders under the Institutional Entitlements Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlements Offer.

Retail shareholders who are not Eligible Retail Shareholders are ineligible retail shareholders (**Ineligible Retail Shareholders**). AJL reserves the right to determine whether a retail shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder.

By returning a completed personalised Entitlements and Acceptance Form or making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy each of the criteria listed

above to be an Eligible Retail Shareholder. Nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

AJL may (in its absolute discretion) extend the Retail Entitlements Offer to any institutional shareholder that was eligible to participate in the Institutional Entitlements Offer but was not invited to participate in the Institutional Entitlements Offer (subject to compliance with relevant laws).

AJL has decided that it is unreasonable to make offers under the Retail Entitlements Offer to retail shareholders who have registered addresses outside Australia and New Zealand, having regard to the number of such holders in those places and the number and value of the New Shares that they would be offered, and the relevant legal and regulatory requirements in those places, including the cost of complying with the relevant legal and regulatory requirements.

AJL may (in its absolute discretion) extend the Retail Entitlements Offer to shareholders who have registered addresses outside Australia and New Zealand (except the United States) in accordance with applicable law.

5.2 Ranking of New Shares

New Shares issued under the Retail Entitlements Offer will be fully paid and from allotment rank equally in all respects with existing Shares and will be entitled to dividends/distributions on the same basis as existing Shares. The rights and liabilities attaching to the New Shares are set out in AJL's constitution, a copy of which is available at www.lucas.com.au.

5.3 Risks

The AJL Investor Presentation details important factors and risks that could affect the financial and operating performance of AJL and your decision whether and how to participate in the Retail Entitlements Offer. You should refer to the "Key risks" section of the AJL Investor Presentation released to ASX on 18 May 2017 which is included in Section 4 of this Retail Offer Booklet. You should consider these factors in light of your personal circumstances, including financial and taxation issues, before making a decision in relation to your Retail Entitlements.

5.4 Reconciliation, Top-Up Shares and the rights of AJL

The Entitlements Offer is a complex process and in some instances investors may believe that they will own more Shares than they ultimately were recorded as holding as at the Record Date or are otherwise entitled to more New Shares than initially offered to them. These matters may result in a need for reconciliation. If reconciliation is required, it is possible that AJL may need to issue additional New Shares (**Top-Up Shares**) to ensure that the relevant investors receive their appropriate allocation of New Shares. The price at which these Top-Up Shares would be issued is not known.

AJL also reserves the right to reduce the size of Retail Entitlements or the number of New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders or other applicable investors, if AJL believes in its complete discretion that their claims are overstated or if they or their nominees fail to provide information requested to substantiate their claims.

5.5 No cooling off rights

Cooling off rights do not apply to an investment in New Shares (or Additional New Shares). You cannot withdraw your application once it has been accepted.

5.6 Rounding down of Entitlements

Where fractions arise in the calculation of Entitlements, they will be rounded down to the nearest whole number of New Shares.

5.7 No rights trading

The Entitlements Offer is non-renounceable. This means that Entitlements under the Retail Entitlements Offer are non-renounceable and will not be tradeable or otherwise transferable. If you choose not to take up your Retail Entitlements, you will receive no benefit and your shareholding in AJL will be diluted as a result.

5.8 Applying for Additional New Shares

Eligible Retail Shareholders may, in addition to their Retail Entitlements, apply for Additional New Shares regardless of the size of their present holding (as further set out in Section 2.3).

Retail Entitlements not taken up may become available as Additional New Shares. It is possible that there will be few or no Additional New Shares available for issue. It is an express term of the Retail Entitlements Offer that applicants for Additional New Shares will be bound to accept a lesser number of Additional New Shares allocated to them than applied for (if any). If a lesser number is allocated to them, excess Application Monies will be refunded without interest. AJL and the Underwriter reserve the right to scale back any applications for Additional New Shares in their absolute discretion.

5.9 Notice to nominees and custodians

If AJL believes you hold Shares as a nominee or custodian you will have received, or will shortly receive, a letter in respect of the Entitlements Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlements Offer is not available to, and they must not purport to accept the Retail Entitlements Offer in respect of, eligible institutional shareholders who were invited to participate in the Institutional Entitlements Offer (whether they accepted their Entitlements or not) and institutional shareholders who were treated as ineligible institutional shareholders under the Institutional Entitlements Offer.

Persons acting as nominees for other persons must not take up any Entitlements on behalf of, or send any documents related to the Retail Entitlements Offer to, any person in the United States or any person that is acting for the account or benefit of a person in the United States. Persons in the United States and persons acting for the account or benefit of persons in the United States will not be able to exercise any Entitlements and may receive no payment or value for them.

AJL is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing Shares or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Entitlements Offer by the beneficiary complies with applicable foreign laws. AJL is not able to advise on foreign laws.

5.10 Not investment advice

This Retail Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. AJL is not licensed to provide financial product advice in respect of the New Shares (and Additional New Shares). This Information does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it purport to contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with AJL's other periodic statements and continuous disclosure announcements lodged with ASX, which are available at www.lucas.com.au.

Before deciding whether to apply for New Shares (or any Additional New Shares), you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Information, you have any questions about the Retail Entitlements Offer, you should contact your stockbroker, accountant or other

professional adviser or call the AJL Offer Information Line on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia) between 8.30am and 5.00pm (Sydney time) Monday to Friday until 16 June 2017.

Nominees and custodians may not distribute any part of this Retail Offer Booklet in the United States or in any other country outside Australia and New Zealand except (i) Australian and New Zealand nominees may send this Retail Offer Booklet and related offer documents to beneficial shareholders who are professional or institutional shareholders in other countries (other than the United States) listed in, and to the extent permitted under the "Selling Restrictions" section of the AJL Investor Presentation included in Section 4 of this Retail Offer Booklet and (ii) to beneficial shareholders in other countries (other than the United States) where AJL may determine it is lawful and practical to make the Retail Entitlements Offer.

5.11 Quotation and trading

AJL has applied to ASX for official quotation of the New Shares in accordance with the ASX Listing Rules requirements. If ASX does not grant quotation of the New Shares, AJL will repay all Application Monies (without interest).

Subject to approval being granted, it is expected that normal trading of New Shares allotted under the Retail Entitlements Offer will commence at 10.00am (Sydney time) on Wednesday, 14 June 2017.

5.12 Information availability

If you are in Australia or New Zealand, you can obtain a copy of this Retail Offer Booklet during the Entitlements Offer on AJL's website at www.lucas.com.au or you can call the AJL Offer Information Line on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday until 16 June 2017.

A replacement personalised Entitlements and Acceptance Form can also be requested by calling the AJL Offer Information Line.

If you access the electronic version of this Retail Offer Booklet, you should ensure that you download and read the entire Retail Offer Booklet. The electronic version of this Retail Offer Booklet on the AJL website at www.lucas.com.au will not include a personalised Entitlements and Acceptance Form.

5.13 Continuous disclosure

AJL is a 'disclosing entity' under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports. AJL is required to notify the ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the stock markets conducted by the ASX. In particular, AJL has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities. That information is available to the public from the ASX and can be accessed at www.asx.com.au.

Some documents are required to be lodged with ASIC in relation to AJL. These documents may be obtained from, or inspected at, an ASIC office.

5.14 Foreign jurisdictions

This Information has been prepared to comply with the requirements of the securities laws of Australia and New Zealand. To the extent that you hold Shares or Entitlements on behalf of another person resident outside Australia or New Zealand, it is your responsibility to ensure that any participation (including for your own account or when you hold Shares or Entitlements beneficially for another person) complies with all applicable foreign laws and that each beneficial owner on whose behalf you are submitting the personalised Entitlements and Acceptance Form is not in the United States and not acting for the account or benefit of a person in the United States.

This Retail Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlements Offer, the Retail Entitlements, the New Shares or any Additional New Shares, or otherwise permit the public offering of the New Shares or any Additional New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Information (including an electronic copy) outside Australia and New Zealand may be restricted by law. If you come into possession of this Information, you should observe such restrictions and should seek your own advice on such restrictions. See the foreign selling restrictions set out in the “Selling Restrictions” section of the AJL Investor Presentation included in Section 4 of this Retail Offer Booklet for more information.

Any non-compliance with these restrictions may contravene applicable securities laws.

New Zealand

The New Shares being offered under the Retail Entitlements Offer are being offered to Eligible Retail Shareholders with registered addresses in New Zealand in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). This Retail Offer Booklet has been prepared in compliance with Australian law and is not an investment statement, prospectus or product disclosure statement under New Zealand law and has not been registered, filed with, or approved by any New Zealand regulatory authority or under or in accordance with the New Zealand Securities Act 1978, New Zealand Financial Markets Conduct Act 2013 or any other relevant law in New Zealand. It may not contain all the information that an investment statement, prospectus or product disclosure statement under New Zealand law is required to contain. It is a term of this offer that the offer of securities to the public in New Zealand is made in compliance with the laws of Australia and any code, rules and requirements relating to the offer that apply in Australia.

United States

The Retail Entitlements, the New Shares and any Additional New Shares have not been and will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States, and may not be offered, sold or resold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. Retail Entitlements may not be taken up, purchased or exercised by persons in the United States or by persons who are acting for the account or benefit of persons in the United States, and New Shares and any Additional New Shares may not be offered to or sold to persons in the United States or to persons who are acting for the account or benefit of persons in the United States. The Retail Entitlements, the New Shares and any Additional New Shares in the Retail Entitlements Offer will be sold only in “offshore transactions” (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act. Because of these legal restrictions, you must not distribute, release or send copies of this Retail Offer Booklet or any other material relating to the Retail Entitlements Offer to any person in the United States.

5.15 Underwriting Agreement

AJL has entered into an agreement (**Underwriting Agreement**) under which the Underwriter has agreed to act as manager of the Entitlements Offer, and underwrite part of the Entitlements Offer Balance.

As is customary with these types of arrangements:

- AJL has agreed, subject to certain exclusions relating to, among other things, wilful default, misconduct, fraud, negligence or breach of contract of an indemnified party, to indemnify the Underwriter and each of its officers, employees, agents and advisers against any losses they may suffer or incur in connection with the Entitlements Offer;

- AJL and the Underwriter have given certain representations, warranties and undertakings in connection with (among other things) the Entitlements Offer; and
- The Underwriter may, in certain circumstances, terminate the Underwriting Agreement and be released from its obligations under it on the happening of certain events including (but not limited to) if
 - the documentation for the Entitlements Offer or any aspect of the Entitlements Offer does not comply with the Corporations Act, ASX Listing Rules or any other applicable law;
 - a representation or warranty under the Underwriting Agreement is or becomes untrue or incorrect;
 - the Underwriting Agreement is breached;
 - AJL disposes, or agrees to dispose, of the whole, or a material part, of its business or assets without the prior written consent of the Underwriter;
 - the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the AJL are unacceptable circumstances under Pt 6.10 of the Corporations Act;
 - any of AJL's major shareholders who have committed to take up their entitlements fail to settle in full their commitments as detailed in their respective commitment letters;
 - any of the Small Ordinaries Index or the Standard & Poors/ ASX 200 Index as published by ASX falls by 7.5% or more below its respective level as at the close of business on the business day prior to the date of the Underwriting Agreement;
 - there is a contravention by AJL of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - a director or senior manager of AJL or any of its subsidiaries is charged with an indictable offence;
 - there is a change in relevant law;
 - there are certain delays in the timetable without the Underwriter's consent;
 - a suspension or material limitation in trading generally on ASX occurs or any change or disruption occurs in the existing financial markets, political or economic conditions of Australia, the United Kingdom and the USA; or
 - there is an outbreak or escalation of hostilities involving (or significant terrorist act perpetrated against) one or more of Australia, New Zealand, the United Kingdom or the USA.

The ability for the Underwriter to terminate the Underwriting Agreement in respect of some events will depend on whether the event has or is likely to have a materially adverse effect on the success of the Entitlements Offer, settlement of the Entitlements Offer, or the value of New Shares.

AJL has agreed to pay to the Underwriter a management fee of \$460,000 plus 1.0% of the Entitlements Offer proceeds above \$45 million, and an underwriting fee equal to 4.0% of the gross dollar amount of sub-underwriting commitments introduced by the Underwriter to the Entitlements Offer. The Underwriter would also be reimbursed for certain expenses.

The Underwriter has obtained sub-underwriting support from Kerogen and certain new institutional investors.

It is the final and absolute responsibility of AJL to ensure, and AJL has undertaken to ensure, that this Retail Offer Booklet and certain other materials related to the Entitlements Offer comply in all respects with the relevant provisions of applicable laws, notwithstanding that the Underwriter has assisted AJL in their preparation.

5.16 Governing law

This Information, the Retail Entitlements Offer and the contracts formed on acceptance of each personalised Entitlements and Acceptance Form are governed by the laws applicable in New South Wales,

Australia. Each applicant for Retail Entitlements, New Shares and any Additional New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

5.17 Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlements Offer that is not contained in this Information.

Any information or representation that is not in this Information may not be relied on as having been authorised by AJL, or its related bodies corporate, in connection with the Retail Entitlements Offer. Except as required by law, and only to the extent so required, none of AJL, nor any other person, warrants or guarantees the future performance of AJL or any return on any investment made pursuant to this Information or its content.

5.18 Withdrawal of the Entitlements Offer

AJL reserves the right to withdraw or vary all or part of the Entitlements Offer and this Information at any time, subject to applicable laws, in which case AJL will refund Application Monies in relation to Retail Entitlements, New Shares or any Additional New Shares not already issued in accordance with the Corporations Act and without payment of interest. In circumstances where allotment under the Institutional Entitlements Offer has occurred, AJL may only be able to withdraw the Entitlements Offer with respect to New Shares and any Additional New Shares to be issued under the Retail Entitlements Offer.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to AJL will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to AJL.

5.19 Privacy

As a shareholder, AJL and the AJL Share Registry have already collected certain personal information from you. If you apply for Retail Entitlements, New Shares and any Additional New Shares, AJL and the AJL Share Registry may update that personal information or collect additional personal information. Such information may be used to assess your acceptance of the Retail Entitlements, New Shares and any Additional New Shares, service your needs as a shareholder, provide facilities and services that you request and carry out appropriate administration.

To do that, AJL and the AJL Share Registry may disclose your personal information for purposes related to your shareholdings to their agents, contractors or third party service providers to whom they outsource services, in order to assess your application for your Retail Entitlements, New Shares and any Additional New Shares, the AJL Share Registry for ongoing administration of the register, printers and mailing houses for the purposes of preparation of the distribution of shareholder information and for handing of mail, or as otherwise under the *Privacy Act 1988* (Cth).

If you do not provide us with your personal information we may not be able to process your application. In most cases you can gain access to your personal information held by (or on behalf of) AJL or the AJL Share Registry. We aim to ensure that the personal information we retain about you is accurate, complete and up to date. To assist us with this please contact us if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information we have about you, we will take steps to correct it. You can request access to your personal information by telephoning or writing to AJL through the AJL Share Registry as follows:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne
VIC 3001 Australia

Corporate Directory

AJ Lucas Group Limited ACN 060 309 104

Level 6, 1 Elizabeth Plaza
North Sydney
NSW 2060 Australia
www.lucas.com.au

AJL Offer Information Line

Within Australia: 1300 556 161

Outside of Australia: +61 3 9415 4000

Open between 8.30am to 5.00pm (Sydney time), Monday to Friday until 16 June 2017

AJL Share Registry

Computershare Investor Services Pty Limited
GPO Box 1903
Adelaide
SA 5001 Australia
www-au.computershare.com



AJ Lucas Group Limited

ABN 12 060 309 104

AJL

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

For all enquiries:

Phone:



(within Australia) 1300 556 161
(outside Australia) 61 3 9415 4000

Web:



www.investorcentre.com/contact

Make your payment:



See overleaf for details of the Offer and how to make your payment

Accelerated Non-Renounceable Rights Issue — Entitlement and Acceptance Form

Your payment must be received by 5:00pm (AEST) Monday 5 June 2017

This personalised Entitlement and Acceptance Form relates to an accelerated pro rata non-renounceable entitlements offer of New Shares to Eligible Retail Shareholders of AJ Lucas Group Limited (**Offer**). As an Eligible Shareholder, you are entitled to subscribe for 1 New Share for every 2 Existing Shares you hold on the Record Date, at an Offer Price of A\$0.275 per New Share.

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

IMPORTANT: The Retail Entitlements Offer is being made under the Retail Offer Booklet dated 25 May 2017 (**Retail Offer Booklet**). The Retail Offer Booklet contains information about investing in New Shares. Before applying for New Shares (and any Additional New Shares), you should carefully read the Retail Offer Booklet. This Entitlement and Acceptance Form should be read in conjunction with the Retail Offer Booklet.

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY® or otherwise applying to participate, you will be deemed to have represented and warranted on behalf of yourself and each person or account for which you are acting to AJ Lucas Group Limited that you are an Eligible Retail Shareholder and represent and warrant that you have read and understood the Retail Offer Booklet and you acknowledge the matters, and make the warranties and representations contained in section 2.8 of the Retail Offer Booklet.

If you do not have a paper copy of the Retail Offer Booklet, you can obtain a paper copy at no charge, by calling the AJ Lucas Group Limited Offer Information Line on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia). The AJ Lucas Group Limited Offer Information Line will be open from 8:30am to 5:00pm (Sydney time), Monday to Friday. Unless otherwise defined, capitalised terms have the meaning in the Retail Offer Booklet.

Step 1: Registration Name & Offer Details

Details of the shareholding and entitlements for this Offer are shown overleaf.

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESSE sponsored holding, please contact your Controlling Participant to notify a change of address.

Step 2: Make Your Payment

You can apply to accept either all or part of your Entitlement. If you accept your full Entitlement, you can also apply for Additional New Shares (**up to 100% of your Entitlement**). Enter the number of New Shares (and any Additional New Shares) you wish to apply for and the amount of payment for those New Shares (and any Additional New Shares).

By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Retail Offer Booklet.

Choose one of the payment methods shown below.

BPAY®: See overleaf. Do not return the payment slip with BPAY payment.

By Mail: Complete the reverse side of the payment slip and detach and return with your payment. Make your cheque, bank draft or money order payable in Australian dollars to "**AJ Lucas Group Limited Entitlements Offer**" and crossed "**Not Negotiable**". The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the payment slip. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Turn over for details of the Offer ➔

AJ Lucas Group Limited Accelerated Non-Renounceable Rights Issue
Payment must be received by 5:00pm (AEST) Monday 5 June 2017

© Registered to BPAY Pty Limited ABN 69 079 137 518

STEP 1

Registration Name & Offer Details

Registration Name:

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000For your security keep your SRN/
HIN confidential.

Entitlement No: 12345678

Offer Details:

Existing shares entitled to participate as at 7:00pm
22nd May 2017:

4,000

Entitlement to New Shares
on a 1 for 2 basis:

1

Amount payable on full acceptance
at \$0.275 per New Share:

\$0.01

STEP 2

Make Your Payment

Bill Code: 267492
Ref No: 1234 5678 9123 4567 89Contact your financial institution to make your
payment from your cheque or savings account.

Pay by Mail:

Make your cheque, bank draft or money order payable to "AJ Lucas Group
Limited Entitlements Offer" and crossed "Not Negotiable".

Return your cheque with the below payment slip to:

Computershare Investor Services Pty Limited
GPO BOX 2987 Adelaide South Australia 5001 Australia

Lodgement of Acceptance

This Retail Entitlements Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia and New Zealand. If you are applying for New Shares and your payment is being made by BPAY, you do not need to return the payment slip below. Your payment must be received by no later than 5:00pm (AEST) Monday 5 June 2017. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Neither Computershare Investor Services Pty Limited (CIS) nor AJ Lucas Group Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

If you are paying by cheque, bank draft or money order the payment slip below must be received by CIS by no later than 5:00pm (AEST) Monday 5 June 2017. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. Other Eligible Retail Shareholders will need to affix the appropriate postage. Return the payment slip below with cheque attached. Neither CIS nor AJ Lucas Group Limited accepts any responsibility if you lodge the payment slip below at any other address or by any other means.

Privacy Notice

The personal information you provide on this form is collected by CIS, as registrar for AJ Lucas Group Limited (the Issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the Issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the Issuer for whom we maintain securities registers or to third parties upon direction by the Issuer where related to the Issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

Detach here

AJ Lucas Group Limited Application Monies Details

Entitlement taken up:

Number of Additional New Shares applied for (up to
100% of your entitlement):Amount enclosed at \$0.275 per New Share and
Additional New Shares, if applicable:A\$ 

Entitlement No: 12345678

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Payment must be received by 5:00pm (AEST) Monday 5 June 2017

Contact Details

Contact
Name

Daytime

Telephone

Cheque Details

Drawer

Cheque Number

BSB Number

Account Number

Amount of Cheque

A\$