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Australian Securities Exchange Limited
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AJ Lucas and Molopo sell 100% in PEL 285 for \$370 million

AJ Lucas Group Limited (ASX: AJL) ("AJ Lucas" or "the Company") today announced that it has entered into an unconditional, definitive agreement with AGL Energy Limited ("AGL") for the sale of its 70% interest in PEL 285, the Gloucester Basin gas project in New South Wales. Under the terms of the sale agreement AJL will receive approximately \$259 million in cash.

The aggregate value of the transaction on a 100% basis is \$370 million, and the sale process has been conducted jointly with Molopo Australia Limited, which holds a 30% interest in PEL 285.

Commenting on the announcement, Executive Chairman of AJ Lucas, Mr Allan Campbell, said: "This is a very pleasing result for AJ Lucas. The cash proceeds from the sale will provide the Company with significant financial flexibility to continue to grow its drilling and pipelines business and develop its coal seam gas, unconventional gas and water asset base. We are delighted with the outcome of the sale process, which recognises the high asset quality and strategic value of the Gloucester Basin to the New South Wales gas market."

Mr Campbell added: "AJ Lucas, as the operator of the Gloucester Basin, has provided the expertise to explore and develop the Gloucester Basin, delivering initial reserves certification in February 2008. The asset has now been developed to a mature project which is expected to deliver a significant gas supply into the NSW market. This is an opportune time to divest this business and allow it to be developed through to production by a major integrated energy company active in the New South Wales gas market."

"We are delighted that AGL will be the new owner of this highly strategic asset. AGL is without peer in the sale and distribution of domestic gas and AJ Lucas and AGL have a strong long-standing relation over many decades."

AJ Lucas remains confident that the growth in the CSG sector will continue and has retained key management expertise to assist it in managing its ongoing investments in the sector.



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Approximately 20% of the proceeds from the sale will be applied to retirement of existing debt, with the balance retained in the business, as indicated above.

Completion of the transaction is expected to occur before the end of 2008.

AJ Lucas has been advised by Goldman Sachs JBWere in relation to the sale.

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Chairman and Chief Executive Officer

About AJ Lucas Group Limited

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

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



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