

AJ Lucas Group Re-finances Finance Facilities for Two Years

Drilling services and gas exploration group AJ Lucas Group Limited (ASX: AJL) ("AJL") is pleased to announce that it has successfully negotiated the refinancing of its major debt facilities for a further two years on broadly similar terms to its existing facilities.

Following a competitive process in which the company received multiple proposals, AJL ultimately determined that the refinancing terms offered by its existing financiers were the most appropriate for the company, with existing terms effectively continued for a further two years with certain amendments.

AJ Lucas Chief Executive Officer Brett Tredinnick said "the new finance agreements give the company the flexibility to maximise opportunities presented by the growing demand for metallurgical coal, while providing opportunities to deleverage the group and accrue significant savings.

"Securing our debt arrangements through to April 2025 provides a strong platform to continue our recent growth, confident that we have the support of our lenders," he said. "We remain focused on generating strong earnings and in further reducing our debt."

AJL's Australian business, Lucas Drilling Services, provides a comprehensive suite of drilling services including exploration, production and directional drilling, focussing on the highly specialised underground metallurgical coal mining sector.

AJL's finance facilities include a senior secured asset-backed lending facility, a junior notes facility and a subordinated facility with the company's largest shareholder Kerogen Capital ("Kerogen").

AJL and its senior lenders have agreed to amend the company's existing senior facility and extend the \$35 million facility for two years, to April 2025, on materially similar terms. The facility was drawn to \$29.4 million, as at 31 March 2023.

The existing junior loan notes will be replaced with a new junior loan notes facility from HSBC of \$26.9 million, which will also mature in April 2025. The new junior loan notes facility is on broadly the same commercial terms as the previous facility, with scheduled principal repayments of at least \$10 million and up to \$14 million over the two-year term.

Since the inception of the original \$50 million junior loan notes facility in October 2019, AJL has repaid \$23.1 million (net of capitalised interest). On maturity of this new facility in April 2025 and taking into account scheduled amortisation, the remaining principal is anticipated to be less than \$17 million.



The senior and new junior loan notes facilities will incur interest at the quarterly bank bill swap rate plus a margin. The weighted average interest rate of these two facilities will be approximately 13.6%. Restructuring and/or establishment fees will also be payable.

Separately, Kerogen has agreed to extend the maturity of its existing subordinated facility to October 2025, or to nine months after repayment of the HSBC junior loan notes facility, if earlier. The company will make an initial \$3 million repayment on the refinancing date and all remaining interest accrued prior to refinancing will be capitalised. Interest will continue to accrue at 18% of the outstanding principal, but on a non-compounding basis and will be payable only where the company can pay in cash. Kerogen has also agreed to provide the company with various interest relief if certain hurdles are met. The expected principal outstanding immediately following the refinance, including restructuring fees and the \$3 million initial repayment, is approximately US\$41.3 million.

Finally, the company is pleased to announce it has finalised a significant contract originally announced in May 2022. The contract was one of two that AJL secured with its largest existing customers. The contract is for three years and will now run until April 2026, on largely similar terms to existing arrangements unless terminated earlier in accordance with the terms and conditions.

The company will issue its quarterly cash flow, in the form of an Appendix 4C, and activities report for the quarter ended 31 March 2023 before the end of April.

Authorised for lodgement by the Board.

ENDS

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