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Balcombe Licence Operator Update

AJ Lucas Group Limited (ASX: AJL) notes that Angus Energy Plc ("Angus Energy"), as the operator of the Balcombe licence, has provided an update on post-test analysis of the 7 day well test completed in October 2018.

The Balcombe Field Discovery, which encompasses the Balcombe licence, is considered to be in the 'sweet spot' of England's Weald Basin given the 568 metre thickness and highest maturity of the Kimmeridge Layers.

On 2 October 2018 Angus Energy announced the results of the completed horizontal well test of the Balcombe-2Z's Kimmeridge Layer as having naturally flowed at 853 bopd⁽¹⁾ equivalent, not including 22.5% water. A second flow period was undertaken with the well flowing naturally at 1,587 bopd⁽¹⁾ equivalent, not including 6.6% water. These flows were over a very short interval and whilst encouraging were not considered conclusive at the time.

Post-test analysis of the recovered water demonstrated levels of salinity significantly higher than any regional trend, indicating a strong probability that injected brine rather than formation water was being produced from the site's Micrite Layers. Given the mandated length of the short testing sequence, Angus Energy was not able to remove what it now believes is a limited amount of unrecovered brine from previous activities at the site.

Therefore, Angus Energy believes that continuous oil with a low watercut can be produced from the Balcombe-2Z well under normal pumped production conditions and it now plans to demonstrate commercial oil production.

The Balcombe licence operations are performed conventionally through the naturally fractured, Kimmeridge layers without a need for hydraulic fracturing or "fracking".

A full copy of the announcement made by Angus Energy dated 10 January 2019 can be viewed on their web site at <http://www.angusenergy.co.uk/media/news/>.

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(1) Barrels of Oil per Day