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Cuadrilla Provides an Update on Gas Flow Testing of PNR2

AJ Lucas Group Limited (ASX: AJL) ("AJ Lucas") advises that Cuadrilla, as operator of the Bowland licence, has announced the completion of the gas flow phase of testing its second horizontal shale well ("PNR2") at the Preston New Road exploration site ("PNR") and is moving to the next steps in the testing phase to take place over the next few months. As mentioned in this advice, Cuadrilla continues to work with the Regulator to address issues raised about seismicity induced by fracturing.

AJ Lucas is a 47.68% shareholder in Cuadrilla and has a 23.75% direct holding in PEDL 165 known as the Bowland licence which includes PNR. This gives AJ Lucas an effective interest in the Bowland licence of 48.19%.

A copy of Cuadrilla's media release is appended to this announcement.

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UPDATE ON FLOW TESTING OF SECOND SHALE WELL AT PRESTON NEW ROAD

Cuadrilla today confirmed that it has completed the gas flow phase of testing its second horizontal shale well (PNR2) at its exploration site in Preston New Road, Lancashire, UK.

Operations will now progress to focus on the pressure response of the shale reservoir over the next few months, known as an 'extended pressure build up test'. This involves measuring the rate at which the pressure of gas and fluids in the shale rock increases over time and data gathered will help in assessing shale productivity.

Results from the gas flow testing phase from PNR2 confirmed natural gas of the highest quality sampled to date in the Lancashire Bowland Shale. Sampled gas contained 89 per cent methane, 6 per cent ethane and 2 per cent propane, with virtually no impurities. Samples of 56 ° API condensate were also recovered along with the gas.

The flow data represents only a partial test of production from a very short section of the wellbore as fracturing operations were suspended by the UK regulator in late August 2019, following an induced seismic event at Preston New Road. Only 13 percent of the designed proppant volume had been injected into the shale prior to the suspension.

Nonetheless, natural gas flowed to surface from a total of just six propped fracture stages (out of the 45 stages originally planned). A total volume of some 1.3 million cubic feet of natural gas was recovered and gas flowed at a peak rate of over 275 thousand cubic feet per day and stable flow rates of between 60 and 100 thousand cubic feet per day.

Commenting on the flow test results Cuadrilla CEO Francis Egan said: "Once again Cuadrilla has demonstrated that the UK Bowland Shale contains the highest quality natural gas and that this gas will flow to surface. The UK Government has now introduced a moratorium on hydraulic fracturing operations pending the resolution of concerns raised about seismicity induced by fracturing. We will continue to work with the Regulator to address the issues raised. As and when the concerns can be alleviated the UK is sitting on very large, high quality, gas resource that can, once developed, play a significant part in meeting the country's energy requirements for decades to come."

ENDS

CONTACTS: To request bespoke information or interview opportunities please contact the press office on press@cuadrillaresources.com