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### **Chairman's address to shareholder**

As you are aware in early November the Company launched a capital raise by way of an accelerated non-renounceable entitlements offer open to all eligible shareholders. This was on the basis of a non-underwritten 19-for-20 entitlement at a subscription price of 6.5 cents with an over-allocation facility for retail shareholders of up to 300% of their entitlements.

The offer remains current and the retail component will close on the 5 December. We took the decision to extend the close date from 27 November to 5 December based on feedback that the time to consider your position was relatively short and documents were slow in being circulated. Whilst this extension is intended to be beneficial to shareholders to allow them more time to consider their position; it does place some constraint on us at this meeting, in that we are unable to discuss any matters that have not been raised on the ASX market announcements platform. In reality, we do not believe there is anything in this category; however, I felt it necessary to explain this caveat at the outset of our addresses.

It is fair to say that the take up by Institutional shareholders regarding the offer has been disappointing. However, as there is an opportunity to revisit this shareholder group within 3 months of the close date of the Offer (to place any shortfall) we are hopeful of further interest as the situation in the UK becomes a little clearer. Nevertheless, early indications of take up in the Retail offer are encouraging (as has been the over allocation facility for retail shareholders).

Whilst the debt refinance was an important part of providing funding stability primarily for our Australian operations going forward, it remained necessary to launch our capital raise outlined above to ensure funding to service our UK investment: both in respect of the recent activities in the second half of 2019 at site at Preston New Road and to fund what will be a scaled back budget for the coming year. Your board has worked with Cuadrilla and our UK partners to determine a workplan that recognises the recent constraints imposed on our industry in the UK. We have agreed a workplan that, in summary, completes the analysis of the flow-test of the second well at Preston New Road, continues engagement with the Oil and Gas Authority who are charged with the analysis to determine a safe and effective Hydraulic Fracturing operation for the industry, and prepares options for our operations when the moratorium on fracturing is lifted. The OGA have indicated their studies will take some months and our work plan and budget have taken that into account. Francis Egan will provide more detail in his video address which will follow shortly.

The year ended June 2019, which is the subject of this AGM, resulted in a continuing strong performance of the Australian Drilling business as Brett will elaborate on in his address. This provided us with a base against which we could refinance our lenders. The benefits of these new Australian based facilities are: a terming out of the debt; lower interest charges; reduced foreign exchange exposure; and, the provision of some headroom for growth capital into our Drilling business. Austen will provide more detail on this in his address which will of course be reflected in our December half year accounts.



Finally, it will be no surprise to you that your Board sees the next year or so as presenting some challenges and opportunities. The next 12 months will determine our direction in the UK. We have a significant asset in the Shale Gas industry, with a direct 23.75% share of the Bowland Shale licence of 1200 square kms (identified as the most prospective source of unconventional gas onshore) and a 47.7 % share in Cuadrilla which also holds licences for a further 14 exploration sites across Northern England. The challenge is that it will take time to work through with the regulators to address the current issues around seismicity. However, your board is convinced that these assets hold significant potential value and we will continue to work to extract that value. In the meantime, it is heartening to reflect that the Australian Drilling business has become a cornerstone of AJL. The team continues to identify opportunities to grow its core business and to utilise the competencies of the business in adjacent markets. It is the view of the Board that this business can grow further under the current financial structure and with the present management team. I would now ask Austen Perrin our CFO to address the meeting.