



AJ Lucas Group Limited
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19 April 2017

The Manager
Australian Securities Exchange
Exchange Centre, 20 Bridge Street
Sydney NSW 2000

Attention: Elvis Onyura, Senior Advisor, Listings Compliance (Sydney)

By email

Dear Sir,

AJ Lucas Group Limited (Company)

The questions in your letter dated 11 April 2017 and the Company's responses are as follows.

1. Has the Company retained or commissioned any independent company or person to assess or analyse and report on the Company's GIIP in relation to the Bowland Prospect?

The Company retained an independent consultant in early 2015 to evaluate early stage work by Cuadrilla and others relating to the potential gas-initially-in-place (GIIP) in the Bowland-Hodder Mudstone shale sequences within Cuadrilla's PEDL-165 / EXL - 269 onshore UK licences.

2. If the answer to question 1 is "yes", please confirm whether the Company has received a completed or final report in relation to the analysis of the Company's GIIP for the Bowland Prospect.

No. The Company refers to its answer to Q4 below.

3. If the answer to question 2 is "yes", please explain why this report or the results of the report have not been previously disclosed to the market, commenting specifically on whether it is in compliance with the Listing Rule Requirements, and if not, why the Company believes the report is not in compliance with the Listing Rule Requirements?

Not applicable. The Company refers to its answer to Q4 below.

4. If the report referred to in question 2 is not in a form that is capable of being disclosed to the market or otherwise does not comply with the Listing Rule Requirements, please confirm whether anything in the report is inconsistent with or varies materially from previous statements made to the market in relation to the Company's GIIP for the Bowland Prospect.

The work referred to in Q1 above concerned the potential GIIP (the estimate of gas believed to be physically in place). It did not concern (recoverable) resources or reserves (the amount of gas, if any, that may ultimately be produced, having regard to technical, and, in the case of reserves, regulatory and economic considerations).





The consultant provided the Company with interim feedback, for discussion, on Cuadrilla's estimates. Its work was incomplete. The consultant has stated that its interim work product does not necessarily reflect its final position, and does not consent to publication of any part of it. No completed or final report was issued and the interim work product is not compliant with Listing Rules 5.25 to 5.28.

Based on the work it had undertaken, the consultant's interim feedback was that using a different approach, which it preferred, to calculate one of the key input parameters, it estimated a still very large but significantly reduced GIIP resource compared to that estimated by Cuadrilla. The consultant did not rule out Cuadrilla's estimated range, but expressed a view that it might be considered a maximum or near maximum value. Further, the consultant found that the in place gas values estimated by Cuadrilla could be replicated within acceptable limits based on Cuadrilla's input parameters and using a different model.

The Company also notes that the British Geological Survey (BGS) provided estimates for GIIP for the overall Upper Bowland and Lower Bowland-Hodder Units in its December 2013 report *"The carboniferous Bowland shale gas study: geology and resource estimation"*. Cuadrilla's view is that its own estimate is consistent with the BGS report.

Placing its potential GIIP estimates into perspective, the BGS observed in that report that: *"Only with further shale gas exploration drilling and testing over an extended period, and optimization of the extraction process, will it be possible to determine whether this identified shale gas prospectivity can be exploited commercially."*

In its 30 January 2017 update to the market, the Company advised investors that its previous GIIP statements should not be relied on until planned further drilling and analysis are undertaken, to enable the resource estimate to be reported in the form prescribed by the ASX Listing Rules.

The Company is proceeding accordingly and, consistent with the terms of (and policy underlying) ASX Listing Rules 5.25 to 5.28, it would be inappropriate for investors to rely on the abovementioned consultant's preliminary feedback or the BGS survey.

5. Please confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

The Company so confirms.



- 6. Please confirm that the Company's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.**

The Company so confirms.

Yours faithfully,

Marcin Swierkowski
Company Secretary



11 April 2017

Mr Marcin Swierkowski
Company Secretary
AJ Lucas Group Limited
Level 6
1 Elizabeth Plaza
North Sydney NSW 2060

By email

Dear Mr Swierkowski

AJ Lucas Group Limited (the “Company”): Query Letter

ASX Limited (“ASX”) refers to the following:

- A. The Company’s announcement entitled “Cuadrilla Bowland Prospect Update” lodged on the ASX Market Announcements Platform (“MAP”) and released at 2:04 pm on 30 January 2017 (the “Announcement”), disclosing inter alia, that it had been brought to the Company’s attention that the Company’s historically publicly reported Cuadrilla’s internal Gas Initially In Place (“GIIP”) estimate of the Bowland Prospect in England had not been accompanied by a certified estimate of petroleum reserves and contingent and prospective resources in accordance with SPE-PRMS and the ASX Listing Rules since a change in the Listing Rules in December 2013. The Announcement also noted that the Company would not be making further public GIIP statements until the planned further drilling and analysis have been undertaken at the Bowland Prospect to enable the resources to be reported in accordance with the ASX Listing Rules and previous statements from Cuadrilla regarding GIIP should not be relied on until that time.
- B. The requirements for all public reporting of oil and gas resources specified in Listing Rules 5.25 to 5.28 and Listing Rules 5.31 to 5.36 (the “Listing Rule Requirements”).
- C. The Company’s response to ASX’s Aware Query dated 22 March 2017 and released on MAP at 3:15 pm on 30 March 2017.

Having regard to the above, ASX asks the Company to respond separately to each of the following questions and requests for information:

1. Has the Company retained or commissioned any independent company or person to assess or analyse and report on the Company’s GIIP in relation to the Bowland Prospect?
2. If the answer to question 1 is “yes”, please confirm whether the Company has received a completed or final report in relation to the analysis of the Company’s GIIP for the Bowland Prospect.
3. If the answer to question 2 is “yes”, please explain why this report or the results of the report have not been previously disclosed to the market, commenting specifically on whether it is in compliance with the Listing Rule Requirements, and if not, why the Company believes the report is not in compliance with the Listing Rule Requirements?

4. If the report referred to in question 2 is not in a form that is capable of being disclosed to the market or otherwise does not comply with the Listing Rule Requirements, please confirm whether anything in the report is inconsistent with or varies materially from previous statements made to the market in relation to the Company's GIIP for the Bowland Prospect.
5. Please confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that the Company's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than half an hour before the start of trading (i.e. before 9.30 a.m. AEST on Wednesday 19 April 2017). If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Company's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Company's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on MAP under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on MAP.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Elvis Onyura
Senior Adviser, Listings Compliance (Sydney)