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## ASX ANNOUNCEMENT/MEDIA RELEASE

### CUADRILLA UPDATE

#### Bowland Basin

Following voluntary suspension of frac operations in early June after a minor seismic event in the Blackpool area, Cuadrilla commissioned a geo-mechanical study in the Bowland Basin by independent, academic experts. The focus of the study is to determine to what extent, if any, the seismic event is related to the frac operations, with the completed report expected by early September. Frac operations remain suspended pending the completion of the experts' report and a review of its findings by Cuadrilla and appropriate authorities.

Preese Hall 1 – Cuadrilla has completed 5 out of 12 planned frac stages, to test approximately 3,600 vertical feet of shale. The first three frac stages were collectively tested and the comingled flow produced satisfactory amounts of gas and frac flow-back water. The test was terminated and a solid bridge plug was set above the three zones to isolate them from the next frac stages higher up in the well. Stages 4 and 5 were then fraced, after which time the suspension was initiated. Currently the well is being flowed and cleaned up, with comingled production coming from Stages 4 and 5.

Grange Hill 1 – Total depth of approximately 10,750 feet (compared with TD of 9,100 feet at Preese Hall 1) was reached a fortnight ago. Open hole logging operations and cementation of the liner have both been successfully completed and the well shut in. A preliminary analysis of cores indicate similar gas content per section to Preese Hall 1, over a thicker series of possible pay zones.

The drilling rig is now being mobilised on to Cuadrilla's third well site in order to begin operations at Beconsall 1 later in August.

#### Hungary

In 2010, Cuadrilla entered into an agreement with Delta Hydrocarbons BV (Delta) to earn a 29⅓% interest in Delta's Hungarian exploration subsidiary, DHH, by re-completing a well, BA-E-1, in the Ba-IX Mining Block (Ba-IX) in the Pannonian Basin in Hungary. Cuadrilla also has the option to earn a further 29⅓% interest in DHH by drilling, and completing a second well in the license area. The permit area is owned 75% by DHH and 25% by RAG AG, and contains approximately 33,000 acres.



Over the past month, Cuadrilla completed the three additional zones of BA-E-1. During post completion well testing, satisfactory initial flow rates of gas and small amounts of condensate were recovered. The well is scheduled for an extended production test into a sales pipeline, beginning almost immediately. Further information on production flow rates will be provided when they become available. It is anticipated that gas and condensate production will begin before the end of 2011.

For further information please contact:

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**About AJ Lucas Group Limited**

Lucas is a leading provider of specialist infrastructure and mining services and is the largest supplier of drilling services to Australia's coal and coal seam gas industries. It is also one of Australia's largest builders of long distance gas pipelines. Other divisions provide gas management services to the coal and coal seam gas industry, construction, civil and property services.

AJ Lucas is also a proven developer of unconventional hydrocarbon properties. Past projects successfully developed and exited include the Company's investments in Gloucester Basin, Sydney Gas and ATP651 in Queensland's Surat Basin.