



AJ Lucas Group Limited
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19 December 2017

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

Attention: Patrick McCarthy, Advisor, Listings Compliance (Sydney)

By email

Dear Sir,

I refer to your price query letter dated 18 December 2017 and advise as follows in response to the questions raised:

- 1. Is AJL aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?**

No.

- 2. If the answer to question 1 is "yes":**

- a. Is AJL relying on listing Rule 3.1A not to announce that information under listing Rule 3.1?**

Please note that the recent trading in AJL's securities would suggest to ASX that such information may have ceased to be confidential and therefore AJL may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.

N/A

- b. Can an announcement be made immediately?**

Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).

N/A

- c. If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?**

N/A



3. If the answer to question 1 is “no”, is there any other explanation that AJL may have for the recent trading in its securities?

There are a number of factors that may have contributed to the share price movement during the 11 trading days from a low of \$0.27 on 30 November to a high of \$0.49 on 18 December (“the relevant period”). It must be noted that the total volume of AJL shares traded on market during that period was 2,117,075. This compares to 1,627,439 the 11-trading day period immediately preceding the relevant period, and 3,969,763 the 11-trading day period earlier. The relatively illiquidity of AJL shares can contribute to significant movements in price based on small changes in supply or demand for the shares.

The Company understands that the profile of the UK shale industry including Cuadrilla’s drilling progress has been increasing particularly in the UK at least partly as a result of communications such as the following which the Company believes have not contained any material information about AJL shares that has not already been disclosed to ASX:

- A UK Shale Gas conference held was held by the industry in the UK on 23 November 2017 and attracted media, investor and analyst coverage. Cuadrilla was one of a number of companies in the industry that presented about drilling and fracking progress generally and the potential economic and gas security benefits the industry could bring to the UK.
- Cuadrilla has adopted a practice of releasing general information videos to the public on its website. These are set to demystify shale gas exploration in the UK and also show progress at site. This was set out in our AGM Chairman’s address. The market has been made aware of this practice and the URL to access them was contained in the Chairman’s address to the AJL Annual General Meeting which was lodged with ASX on 16 November 2017

This has been covered widely in the press and social media, in large part due to the active anti-fracking campaign levelled against Cuadrilla and the industry.

In addition, progress is being made by Cuadrilla on the 2 well drilling, fracking and flow testing program in the UK in accordance with previous announcements of the Company. As further work is undertaken Cuadrilla is getting closer to obtaining indicative results of any possible recovery rates of gas from the Bowland exploration licences (in which the Company has indirect interests through Cuadrilla and direct interests).

The Company also notes media speculation on 9 November 2017, prior to the relevant trading period referred to, that the Company may be in the process of selling the Lucas Engineering and Construction Business Unit (LEC). The Company has received indicative, incomplete and non-binding proposals for the purchase of LEC. The Company is currently assessing whether to progress discussions with any party(s) and if so on what basis. The Company notes that recent earnings contribution of LEC has not been material to the group as a whole.



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

Confirmed

5. Please confirm that AJL'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 AJL with delegated authority from the board to respond to ASX on disclosure matters.

Confirmed

Yours sincerely

A handwritten signature in black ink, appearing to read "M. Swierkowski".

Marcin Swierkowski
Company Secretary



18 December 2017

Mr Marcin Swierkowski
Company Secretary
AJ Lucas Group Limited
Suite 6.01, Level 6
1 Elizabeth Plaza
North Sydney NSW 2060

By email: Marcin.Swierkowski@lucas.com.au

Dear Mr Swierkowski

AJ Lucas Group Limited (“AJL”): price query

We note the change in the price of AJL’s securities from a low of \$0.27 on 30 November 2017 to a high of \$0.49 today, 18 December 2017.

We also note the significant increase in the volume of AJL’s securities traded today.

In light of this, ASX asks AJL to respond separately to each of the following questions and requests for information:

1. Is AJL aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is “yes”:
 - a) Is AJL relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in AJL’s securities would suggest to ASX that such information may have ceased to be confidential and therefore AJL may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is “yes”, you need to contact us immediately to discuss the situation.
 - b) Can an announcement be made immediately?

Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt (see below).
 - c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is “no”, is there any other explanation that AJL may have for the recent trading in its securities?
4. Please confirm that AJL is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

5. Please confirm that AJL'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 AJL 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 (ie before 9.30 am AEDT) on 19 December 2017. If we do not have your response by then, ASX will have no choice but to consider suspending trading in AJL'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, AJL'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 the ASX Market Announcements Platform 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 email. 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 the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to AJL's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that AJL's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in AJL's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.



You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

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

Yours sincerely

[Sent electronically without signature]

Patrick McCarthy

Adviser, Listings Compliance (Sydney)