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CUADRILLA ANNOUNCES COMPLETION OF DRILLING ITS VERTICAL PILOT WELL AND OUTCOME OF UK COURT OF APPEALS DECISION

AJ Lucas Group Limited ("**AJL**") is pleased to advise that on 12 January 2018 Cuadrilla Resources released two media announcements ("press releases") relating to progress at AJL's shale gas Investments in the UK. Full copies of both press releases can be found attached to this announcement.

The first of these press releases, headlined "CUADRILLA COMPLETES SHALE ROCK SAMPLING AT ITS LANCASHIRE EXPLORATION SITE" provides an update on the status of drilling and coring of the initial vertical pilot well at Preston New Road. Information from the cores will help Cuadrilla to determine where best to land the first two horizontal wells. These will be the first two horizontal wells within the Bowland Shale in the UK to be fractured and flow tested.

Consistent with the previously announced timetable, drilling of the first two horizontal wells is presently expected to be completed by the end of the 1st quarter of calendar year 2018 and hydraulic stimulation is expected to take place in the 2nd quarter. Results from these exploratory wells will provide important appraisal information to help demonstrate the commerciality and ultimately the value of the Bowland Prospect.

The second of these press releases, headlined "CUADRILLA WELCOMES COURT OF APPEAL DISMISSAL" relates to the Court of Appeal's verdict, which dismissed the two claims made against the Secretary of State for Communities and Local Government, Sajid Javid's, decision to grant planning consent for its shale gas exploration site at Preston New Road, Lancashire. The Court of Appeal's decision was handed down by Lord Justice Simon, Lord Justice Lindblom and Lord Justice Henderson on 12 January 2018. The Court of Appeal has also refused permission for the parties to appeal at the Supreme Court. While the Court of Appeal's verdict appears robust, the parties may, nevertheless, seek to take their appeal to the Supreme Court.

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12 January 2018

CUADRILLA COMPLETES SHALE ROCK SAMPLING AT ITS LANCASHIRE EXPLORATION SITE

EARLY RESULTS VERY ENCOURAGING

Cuadrilla is pleased to announce that it has completed drilling a vertical pilot well to a depth of over 2.7 km through both the Upper and Lower Bowland shale rock intervals at its shale gas exploration site at Preston New Road, Lancashire.

The company has recovered some 375 feet of core samples taken across three separate intervals of the Upper and Lower Bowland shales. In addition a very comprehensive series of wireline logs have been completed, recording data across the entire Bowland shale section. This represents the most comprehensive data set recovered to date from any shale well drilled in the UK and the quality of the data is excellent. Using this latest data, along with data recovered and analysed from Cuadrilla's three previous Lancashire shale exploration wells, the company is now exceptionally well positioned to drill its first two horizontal wells into the gas rich zones.

Our early analysis of this latest data suggests excellent rock quality for hydraulic fracturing and a high natural gas content in several zones within the shale. This is in line with the British Geological Survey, in association with the Oil & Gas Authority, independent report in 2013, *The Carboniferous Bowland Shale Gas Study*¹, which estimated a mid-level estimate of the gas-in-place in the Bowland shales across the North of England to be 1329 trillion cubic feet.

Francis Egan, CEO of Cuadrilla, said:

“We are very encouraged by our early analysis of the data and confident that there is a very sizeable quantity of natural gas in the Bowland Shale. In addition we can confirm that the rock composition is very suitable to hydraulically fracture. This gives us great confidence as we start drilling what will be the first horizontal well drilled into UK shale rock.”

Cuadrilla has planning permission to drill up to four exploratory horizontal wells in the shale rock underlying its site at Preston New Road. The initial vertical sections of the first two of these wells have both now been drilled and we have just commenced the drilling of what will be the first horizontal well in UK shale. Once both horizontal wells have been completed hydraulic fracturing of both is likely to be in the second quarter of 2018. Cuadrilla plans to test the flow rate of natural gas from the horizontal wells for approximately 6 months after this.

¹ https://www.ogauthority.co.uk/media/2782/bgs_decc_bowlandshalegasreport_main_report.pdf

Notes to Editors:

Cuadrilla Resources is a Lancashire based company which aims to lead best practice for unconventional hydrocarbon exploration in Europe. It is acutely aware of the responsibilities this brings, particularly with regard to safety, environmental protection and working with local communities. For further information and media bids please call the Cuadrilla press office on 0800 9012 494 or press@cuadrillaresources.com or visit www.cuadrillaresources.com



12 January 2018

CUADRILLA WELCOMES COURT OF APPEAL DISMISSAL

Cuadrilla welcomes the Court of Appeal verdict handed down by Lord Justice Simon, Lord Justice Lindblom and Lord Justice Henderson today (12th January 2018) which dismisses the two claims made against the Secretary of State for Communities and Local Government, Sajid Javid's, decision to grant planning consent for its shale gas exploration site at Preston New Road, Lancashire. The case was heard by the three judges at the Royal Courts of Justice in London in August 2017.

The Court of Appeal has also refused permission for the parties to appeal at the Supreme Court.

Francis Egan, CEO of Cuadrilla said:

“We are very pleased that the Court of Appeal has robustly dismissed both challenges on all the grounds presented, as well as dismissing requests for further appeal. The same challenges were previously dismissed by the High Court in a similarly detailed judgement made in April 2017. We have always remained confident that that the planning consent would stand, particularly after such a lengthy and thorough review of the application and positive recommendations for approval by both the professional Planning Officers at Lancashire County Council and subsequently an experienced Planning Inspector.

As our lawful planning consent remains in place, even whilst the Court of Appeal case was heard, operations on site have continued to progress well. We have successfully completed our data acquisition programme in the shale and will commence drilling the horizontal sections of the first of two initial wells this weekend. Local businesses and workers in Lancashire continue to benefit from the significant investment and jobs that our operations are bringing to the county.”

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