



AJ Lucas Group Limited
ABN: 12 060 309 104
1 Elizabeth Plaza
North Sydney NSW 2060
PO Box 538
North Sydney NSW 2060
T (02) 9490 4000
F (02) 9490 4200
www.lucas.com.au

AJ LUCAS AND CUADRILLA SECURE NEW PARTNER FOR THE BALCOMBE PROSPECT IN SOUTHERN UNITED KINGDOM

AJ Lucas Group Limited (ASX: AJL) (“**Lucas**”) is pleased to announce that it and its 47.4% owned associate, Cuadrilla Resources (“**Cuadrilla**”), have entered into a farm-out agreement (“**the Agreement**”) with a new partner, Angus Energy Plc (“**Angus Energy**”) for a share of the Southern UK PEDL 244 exploration licence which includes the Balcombe discovery (“**Balcombe Licence**”). Under the agreement, subject to UK regulatory (Oil and Gas Authority) approval, Angus Energy will acquire a 25% interest in and assume Operatorship of the Balcombe Licence.

The interests in the Balcombe Licence before and after the transaction are summarised as follows:

Owner	Interest before transaction	Interest after transaction
	%	%
Cuadrilla *	75.00	56.25
Lucas	25.00	18.75
Angus Energy	-	25.00

- * Lucas has a 47.4% ownership interest in Cuadrilla and accordingly Lucas’s total effective interest in the licence will be 45.41% after the transaction.

The terms of the transaction require Angus Energy to pay £4,000,000 to be paid in two equal tranches, the first £2,000,000 is payable within 20 working days of 20 January 2018, and the second £2,000,000 is payable following consent from the Oil and Gas Authority for the Acquisition. Should such Consent not be received the first tranche will be refunded. The payments will be shared 25% to Lucas and 75% to Cuadrilla, in accordance with the farm-out of their respective interest in the licence. Angus Energy will also pay all of the costs of flow testing the existing Balcombe-2Z horizontal well (the “**Well**”), which Cuadrilla drilled in 2013. Planning permission to flow test the Well has already been obtained by Cuadrilla.

Phil Arnall, Chairman of Lucas, said:

“This transaction will give us the opportunity to flow test an existing well in the Balcombe licence area that was drilled in 2013, while allowing Cuadrilla and Lucas to focus on completing the ongoing two well drilling, fracking and flow test programme at Preston New Road in our Lancashire, Bowland Licence. We are delighted to have Angus Energy as a new Partner. Angus is an existing onshore oil and gas licence operator with interests in a number of licences in the area surrounding the Balcombe Licence south of London.”

For further information, please contact:

AJ Lucas Group Limited	+61 (0)2 9490 4000
Phil Arnall	Chairman
Marcin Swierkowski	Company Secretary

Media enquiries

James Strong, Citadel-MAGNUS	+61 (0)448 881 174
jstrong@citadelmagnus.com	

