AJ Lucas Group
ABN: 12 060 309 104
Level 22, 167 Eagle Sreet
Brisbane QLD 4001
GPO Box 144
Brisbane QLD 4001
T (07) 3363 7333
F (07) 3740 6670
www.lucas.com.au

29 September 2022

AJ Lucas Group Limited
AJ Lucas completes $19.7m placement

- **$19.7 million capital raising successfully completed via a share placement to institutional, sophisticated and professional investors using the company 15% placement capacity**
- **The placement was strongly supported and oversubscribed**

AJ Lucas Group Limited **(ASX:AJL)** (**AJ Lucas** or the **Company**) is pleased to announce the successful completion of a $19.7 million share placement to institutional, sophisticated and professional investors (**Placement**). The Placement was strongly supported by existing and new institutional, sophisticated and professional investors, and was heavily oversubscribed.

Canaccord Genuity (Australia) Limited acted as the Lead Manager and Bookrunner, with Foster Stockbroking as Co-Manager.

The Placement will result in the issue of approximately 179.4 million fully paid ordinary shares at an issue price of $0.11 per share, which represents a discount of approximately 29% to the Company's closing price of $0.155 per share on 27 September 2022. The Placement was undertaken using AJ Lucas' existing placement capacity under ASX Listing Rule 7.1.

The Placement is expected to settle on Wednesday, 5 October 2022 and be allotted on the following business day, Thursday, 6 October 2022.

Proceeds raised from the Placement may be used for funding UK operations to respond to recent regulatory changes, expenditure on new and existing plant and equipment (as required and/or necessary) and for working capital.

Authorised for lodgment by Andrew Purcell, Chairman on behalf of the Board

For further information, please contact:

AJ Lucas Group Limited	+61 (0)7 3363 7333
Andrew Purcell	Chairman
Marcin Swierkowski	Company Secretary

Disclaimer
This announcement is not financial product or investment advice, a recommendation to acquire new shares or accounting, legal or tax advice. It does not constitute an invitation or offer to apply for new shares. It has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. This announcement is not a prospectus or offering document under Australian law or under any other law. No action has been or will be taken to register, qualify or otherwise permit a public offering of the new shares in any jurisdiction outside Australia. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial and tax situation and needs and seek legal and taxation advice appropriate for their jurisdiction. AJ Lucas is not licensed to provide financial product advice in respect of an investment in shares.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES
This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States. The securities described in this announcement have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the **U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and other applicable U.S. state securities laws.

ASX:AJL

AJ LUCAS

Equity Raising Presentation

September 2022

DISCLAIMER

This investor presentation (**Presentation**) has been prepared by AJ Lucas Group Limited (ACN 060 309 104) (**AJL** or the **Company**) in connection with AJL's proposed issuance of new ordinary shares in AJL (**New Shares**) by way of a placement of New Shares to institutional and sophisticated investors under section 708A of the *Corporations Act 2001* (Cth) (**Corporations Act**) (**Placement** or **Offer**).

The Lead Manager to the Offer is Canaccord Genuity (Australia) Limited (ABN 19 075 071 466) (**Lead Manager**). The Lead Manager is acting as lead manager and bookrunner to the Offer. This presentation does not purport to be all-inclusive or to contain all the information that you or any other party may require to evaluate the prospects of the Company. None of the Company, any of its related bodies corporate or any of their representatives assume any responsibility for, or make any representation or warranty, express or implied, with respect to the accuracy, reliability or completeness of the information contained in this presentation and none of those parties have or assume any obligation to provide any additional information or to update this presentation.

To the fullest extent permitted by law, the Company, the Lead Manager and their respective affiliates, related bodies corporates, officers, employees, partners, agents and advisers make no representation or warranty (express or implied) as to the currency, accuracy, reliability, reasonableness or completeness of the information in this presentation and expressly disclaim all responsibility and liability for any loss or damage arising in respect of your reliance on the information contained in this presentation (including your reliance on the accuracy, completeness or reliability of that information), or any errors in or omissions from this presentation, including any liability arising from negligence.

Summary information

This Presentation contains summary information about the current activities of AJL which is current as at the date of this Presentation. This information is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor should consider when making an investment decision or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act. This Presentation should be read in conjunction with AJL's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**), which are available at www.asx.com.au.

Certain market and industry data used in this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither AJL nor its advisers or representatives have independently verified any such market or industry data provided by third parties or industry or general publications.

No member of AJL gives any representations or warranties in relation to the statement or information in this Presentation.

Not an offer

This Presentation is not a prospectus, product disclosure statement or other offering document under Australian law (and will not be lodged with ASIC) or the law of any other jurisdiction. This Presentation is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction.

Not investment advice

This Presentation does not constitute investment or financial product advice nor any recommendation to acquire New Shares. It is not intended to be used as the basis for making a financial decision, nor is it intended to constitute legal, tax, or accounting advice or opinion. Any references to, or explanations of, legislation, regulatory issues, benefits or any other legal commentary (particularly in the "Key risks" section of this Presentation) are indicative only, do not summarise all relevant issues and are not intended to be a full explanation of a particular matter. Recipients should make their own enquiries and investigations regarding any investment and should seek their own professional advice on the legal, financial, accounting, taxation and other consequences of investing in any securities in AJL.

This Presentation has been prepared without taking into account your investment objectives, financial situation or particular needs. No reliance may be placed for any purpose whatsoever on the information contained in this Presentation or on its accuracy or completeness. Any reliance on this communication could potentially expose you to a significant risk of losing all of the funds invested by you in AJL or the incurring by you of additional liability.

Investment risk

An investment in shares is subject to known and unknown risks, some of which are beyond the control of AJL, including possible loss of income and principal invested. AJL does not guarantee any particular rate of return or the performance of AJL, nor does it guarantee the repayment of capital from AJL or any particular tax treatment. Investors should have regard to the risk factors outlined in this Presentation when making their investment decision.

Forward-looking statements

This Presentation may contain certain forward-looking statements. The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "outlook", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings, financial position, dividends and performance are also forward-looking statements as are statements regarding AJL's future operations and projects, the outcome of the Offer and the use of proceeds. You should be aware that such statements are only estimates or predictions, which may be based on subjective judgments and assumptions as to future events, which may or may not occur and which are subject to inherent risks and uncertainties, many of which are beyond the control of AJL. Actual events or results may differ materially from the events or results expected or implied in any forward-looking statement. No representation or warranty (whether express or implied) is made as to the accuracy or likelihood of fulfilment of any forward-looking statement.

DISCLAIMER

To the maximum extent permitted by law, AJL, the lead manager and each of their respective affiliates and related bodies corporate, and each of their respective directors, officers, partners, employees and agents disclaim any responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise. To the maximum extent permitted by law, AJL, the lead manager and each of their respective affiliates and related bodies corporate, and each of their respective directors, officers, partners, employees and agents disclaim any responsibility to update or revise any forward-looking statement to reflect any change in AJL's financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based, except as required by Australian law.

Past performance
Investors should note that past performance, including past share price performance and historical information in this Presentation is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) future performance including future share price performance. This historical information is not represented as being indicative of AJL's views on its future financial condition and/or performance. The historical information in this Presentation is, or is based upon, information that has been released to ASX.

Financial data
All dollar values are in Australian dollars (**A$**), unless otherwise stated. Financial data is presented at actual foreign exchange rates, unless otherwise stated. A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculations of these figures may differ from figures set out in this Presentation.

This Presentation presents financial information on both a statutory basis (prepared in accordance with Australian Accounting Standards which comply with International Financial Reporting Standards (**IFRS**) and a non-statutory basis. Unless specifically indicated in this Presentation, the financial information contained in this Presentation has not been audited, examined or otherwise reviewed in accordance with Australian Accounting Standards.

Disclaimers
None of AJL, the Lead Manager nor any of their respective affiliates, related bodies corporate, directors, officers, partners, employees, contractors, professional advisers or agents (**Limited Parties**), have authorised, permitted or caused the issue, submission, dispatch or provision of this Presentation and there is no statement in this presentation which is based on any statement by them. None of the Limited Parties take any responsibility for any information in this presentation or any action taken by investors on the basis of such information and, except to the extent referred to in this Presentation, none of them makes or purports to make any statement in this Presentation.

Not all of the information contained in this Presentation has been subject to independent audit or review. No representation or warranty, express or implied, is made as to the currency, accuracy, fairness, sufficiency, reliability or completeness of the information, projections, opinions or beliefs contained in this Presentation. To the maximum extent permitted by law, no liability (including without limitation, any liability arising out of mistakes, omissions, misstatements, misrepresentations in this Presentation or out of any other fault or negligence) is accepted by AJL, its officers, employees or contractors or the Limited Parties for any loss, cost or damage suffered or incurred as a result of the reliance on such information, projections, opinions or beliefs. The Limited Parties make no recommendations or endorsements as to whether any recipient should participate in the Offer and, to the maximum extent permitted by law, disclaim any fiduciary relationship with any recipient.

The information in this Presentation remains subject to change without notice. AJL reserves the right to withdraw the Offer and/or vary the timetable for the Offer without notice. AJL, its officers, employees and contractors and the Limited Parties undertake no obligation to provide any recipient with access to any additional information or to notify any recipient or any other person of any matter arising or coming to its notice after the date that this Presentation was issued.

Investors represent, warrant and agree that they have not relied on any statements made by any of the Limited Parties in relation to the issue of New Shares or the Offer generally.

Distribution restrictions

This Presentation may not be released to U.S. wire services or distributed in the United States. This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or any other jurisdiction. The New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933 (the **U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold, directly or indirectly, in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any applicable securities laws of any state or other jurisdiction of the United States.

The distribution of this Presentation in the United States and elsewhere outside Australia may be restricted by law and you should observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law. Please refer to Appendix 4 of this Presentation (**International Offer Restrictions**) for more information. By accepting this Presentation, you represent and warrant that you are entitled to receive such a presentation in accordance with such restrictions and agree to be bound by the limitations contain therein.

COMPANY OVERVIEW

AJ Lucas Group Limited ("AJL" or "Company") is an ASX listed drilling services and gas exploration company focussed on the following:

- **Gas exploration (Cuadrilla Oil & Gas)**
  - AJL owns 96% of British shale gas exploration and production company, Cuadrilla Resources Limited ("Cuadrilla"). AJL holds, directly and via Cuadrilla, shale gas exploration licences covering >600,000 acres (>2,500km²), being ~2% of England, inclusive of the Bowland Shale
  - In 2019 Cuadrilla successfully flowed high quality gas to surface from the two wells it drilled into the shale at its flagship site in Lancashire, onshore northern England, despite the hydraulic fracturing programs being limited significantly by overly stringent regulatory limits on induced seismicity and the regulator suspending operations. The seismicity experienced was less than the upper limit in Cuadrilla's Hydraulic Fracture Plan (approved by the regulator) and lower than comparable limits that exist elsewhere in the world and in the UK in other industries. In November 2019, shortly ahead of a general election, the UK Government placed a moratorium on further hydraulic fracturing until further evidence is provided showing it can be done safely
  - The Bowland shale is estimated to contain gas in place of between 822Tcf and 2,281 Tcf with a central estimate of 1,329Tcf [1]. Recovery of just 10% of this gas in place (based on US analogues of 10 – 30% recovery rates) could meet UK natural gas demand for a number of decades
  - On 8 September 2022, the new UK Prime Minister in her opening speech to parliament announced the intention to end the moratorium, where there is local support, to address soaring energy prices and concerns about security of gas supply. This was actioned in writing on 22 September 2022.
  - A lifting of the moratorium, combined with quicker and improved operating and planning conditions, would allow Cuadrilla's suspended wells to be re-entered and the cost-effective delivery of gas into the UK's gas distribution network (located near to the location of these wells)
  - Given the thickness of the shale (>1km thick in places), multiple lateral wells could be stacked at different depths allowing Cuadrilla to develop many production zones within the Bowland Shale from its existing pad in Lancashire
  - Cuadrilla is partnered in the Lancashire Bowland Shale licences with Spirit Energy, a subsidiary of Centrica PLC (formally British Gas, market cap £4.5 billion at 26 September 2022), the largest supplier of gas and electricity to UK consumers. A carry agreement exists whereby Spirit Energy will pay up to £46.7 million for agreed works on behalf of the partners, or for other works as maybe agreed.
- **Drilling Services (Lucas Drilling Services)**
  - Lucas Drilling Services provides a comprehensive suite of drilling services which includes exploration, production and directional drilling, focussing on the highly specialised metallurgical underground mining sector
  - Lucas Drilling Services also provides a range of engineering services including well design, dewatering, professional steering services and specialised directional drilling
  - A leading service provider in Australia to some of the world's largest miners of long standing underground metallurgical coal mines and with a FY22 divisional reported EBITDA of A$19.0 million
- AJL has a market capitalisation of $185.4[2] million and debt of $110.1[2] million giving an enterprise value of $292.4 million
- The proposed equity capital issue of ~$19.7 million will strengthen the Company's balance sheet (see uses of funds on page 21)

[1] P50 estimate by the British Geological Survey ("BGS")
[2] Closing share price of $0.155 on 27 September 2022. Interest bearing borrowings and loans as at 30 June 2022.

CORPORATE SNAPSHOT

LUCAS

Capital Structure	
Share Price (at 27 September 2022)	$0.155
Shares on Issue (at 27 September 2022)	1,196.2m
Market Capitalisation	$185.4m
Cash (at 30 June 2022)	A$3.1m
Debt (at 30 June 2022)	$110.1m
Enterprise Value	$292.4m
12 Month Liquidity	$33.1m

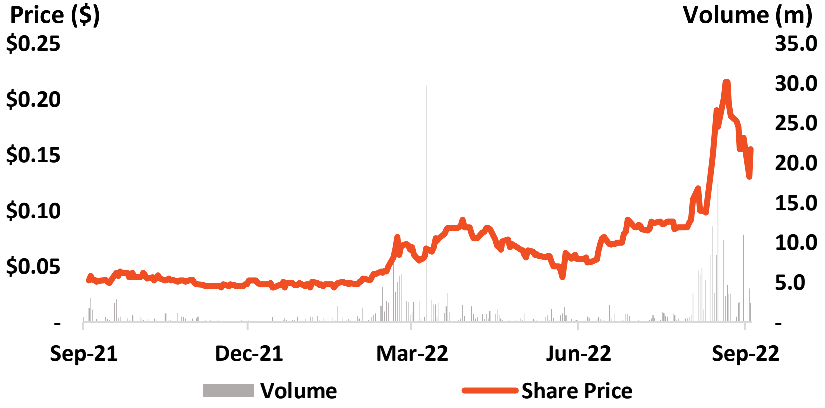
Board and Senior Management	
Andrew Purcell	Non-Executive Chairman
Austen Perrin	Non-Executive Director
Julian Ball[1]	Non-Executive Director
Brett Tredinnick	Executive Director - Group CEO
Francis Egan	Executive Director - CEO of UK operations
Marcin Swierkowski	Company Secretary
David Ekster	Chief Financial Officer

Shareholders[2]	
Kerogen Investments No. 1 (HK) Limited[1]	65.2%
Paul Fudge	4.9%
Top 20 shareholders by %	87%
Total number of shareholders	2,425

Key Financials (A$m)

	2022	2021	2020	2019
Total Revenue	123.2	111.1	146.7	143.4
Reported EBITDA	18.0	20.9	22.7	9.1
EBIT	10.6	14.6	15.4	3.7
Net Assets	76.8	94.4	86.9	107.5
Net Debt [3]	107.1	100.7	110.1	109.6

12 Month Share Price and Liquidity



Source: IRESS

[1] Julian Ball is an independent consultant representing Kerogen Investments No. 1 (HK) Limited
[2] As at 13 September 2022
[3] AJ Lucas Annual Reports - Interest bearing loans & borrowings minus cash & cash in trust

FRACKING MORATORIUM LIFTED

- Recent months have highlighted the risks associated with the UK's reliance on expensive, uncertain, higher emission gas imports which has significantly increased gas prices and the cost of living for residents in the UK.
- The UK was set to import over two thirds of its total gas by the end of the decade, exposing the residents to further supply shortage and energy price hikes.
- As UK energy prices continue to rise, the UK government has had increasing pressure to introduce policies to lower gas prices and the subsequent cost of living.
- Newly appointed UK Prime Minister Liz Truss announced on 9 September 2022 that her government will lift the moratorium on hydraulic fracturing for shale gas as part of the UK's emergency response to an energy price crisis.
- On 22 September 2022 the UK Secretary Of State for Business, Energy and Industrial strategy announced the moratorium on hydraulic fracturing had been lifted and that the UK government would review shale gas policy as part of a wider reflection to better support industry.
- A thriving shale gas industry will drive job creation across the north of England, generate much needed tax revenues for central and local government, and benefit local communities financially.

Cuadrilla CEO Francis Egan, **"This is an entirely sensible decision and recognises that maximising the UK's domestic energy supply is vital if we are going to overcome the ongoing energy crisis and reducing the risk of it recurring in the future"**

Cuadrilla

8th September 2022

UK GOVERNMENT LIFTS MORATORIUM ON HYDRAULIC FRACTURING IN ENGLAND

Cuadrilla Resources Limited ("Cuadrilla") welcomes today's Government announcement that the moratorium on hydraulic fracturing, introduced in November 2019, is to be lifted.

Cuadrilla CEO Francis Egan said "I am very pleased that the new Government has acted quickly to lift the moratorium. This is an entirely sensible decision and recognises that maximizing the UK's domestic energy supply is vital if we are going to overcome the ongoing energy crisis and reduce the risk of it recurring in the future.

The last few months have highlighted the risks associated with ever increasing reliance on expensive, uncertain, and higher emission gas imports. Without the strong measures set out today, the UK was set to import over two thirds of its gas by the end of the decade, exposing the British public and businesses to further risk of supply shortage and price hikes down the line.

Any rational analysis of UK energy supply, including those put forward by the Climate Change Committee, recognise that our transition to Net Zero will require the continued use of gas until at least 2050. Today's announcement sets the foundation for us to move towards gas self-sufficiency, and not be reliant on the whims of dictators, or the vagaries of international supply lines and prices.

A thriving shale gas industry will drive job creation across the North of England, generate much needed tax revenues for central and local government, and benefit local communities financially.

The Government has made the right call, and we look forward to working with them to ensure this industry can start generating results as soon as possible. The prize if we get this right will be an energy strategy fit for the 21st century, that provides security of supply, economic prosperity, and vital support to the British public.

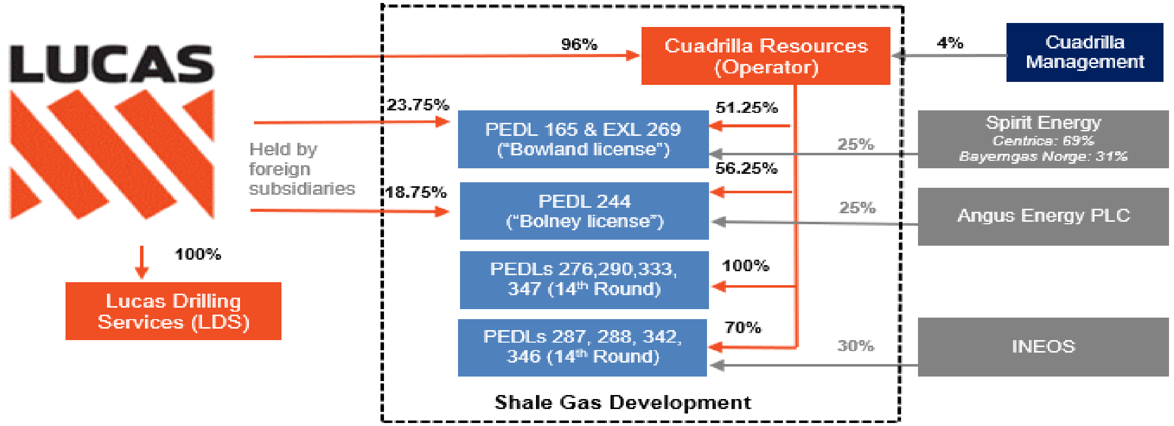
We look forward to getting started.

ENDS

For more information or to arrange an interview, please contact Rob Bates by WhatsApp on +44 (0) 79365 58929

CUADRILLA RESOURCES

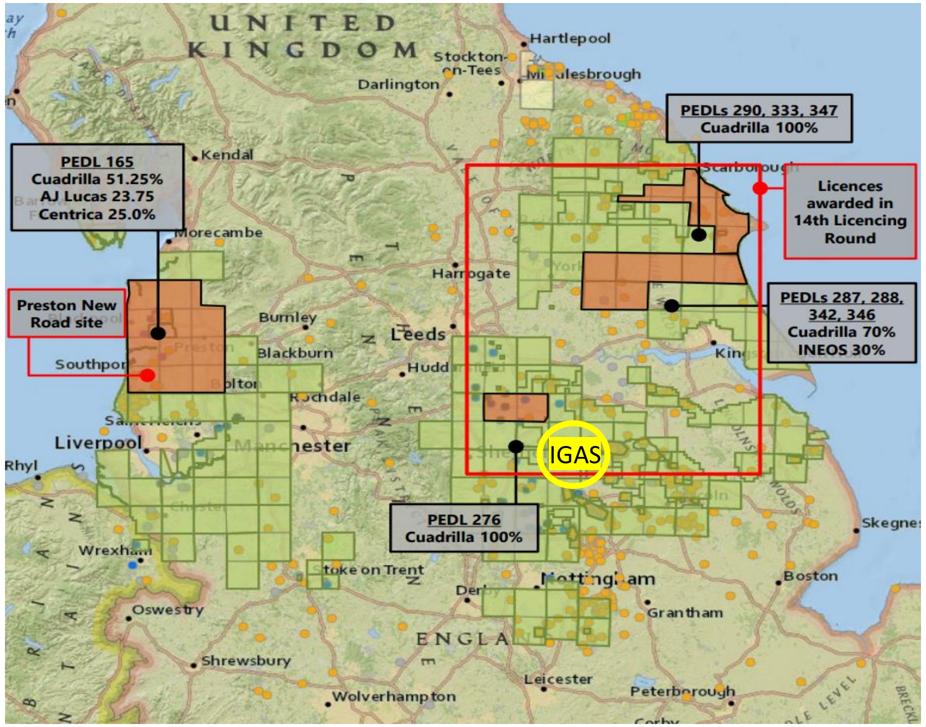
- Formed in the UK in 2007, Cuadrilla is an exploration and production company focused on discovering and recovering natural gas from shale rock
- Cuadrilla is 96% owned by AJ Lucas and 4% owned by current and former Cuadrilla employees
- Cuadrilla aims to be a model company for exploring and developing shale gas in the UK, regarding safety, environmental protection and working with local communities
- Cuadrilla currently has onshore exploration licenses in the north and south of England and is in several partnerships with AJL directly, Spirit Energy (a subsidiary of Centrica) and INEOS
- Cuadrilla's operations have been on hold since the UK government introduced a moratorium on hydraulic fracturing in November 2019
- AJL's book value of UK shale gas exploration licences is A$156 million at 30 June 2022



- As part of the 2013 Sale and Purchase agreement in which Centrica acquired a 25% interest in the Lancashire Bowland shale licence, Centrica subsidiary Spirit Energy has the option to put back its 25% interest in the exploration licences to AJL and Cuadrilla, for a nominal consideration, by 30 June 2023 ("Put or Pay Date")
- Spirit is committed to fund £46.7 million expenditure on certain Bowland licence development, appraisal and exploration costs to maintain its interest after Put or Pay Date, subject to certain milestones being reached

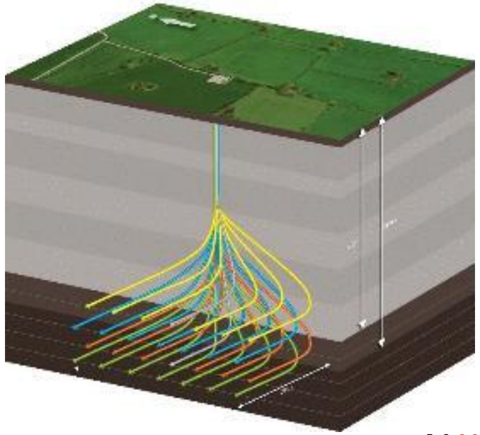
CUADRILLA BOWLAND LICENSE DETAILS

- Cuadrilla is the operator of licenses in the Bowland shale totalling >600,000 acres (~2,500km^2), making it one of three significant operators by license areas along with INEOS and IGAS (each with gross license area >490,000 acres or almost 2,000km^2)
- IGAS has demonstrated the presence of a large shale gas interval in its exploration well at Springs Road, adjacent to the Cuadrilla acreage
- The Preston New Road (PNR) site is within the PEDL 165 license, part of the Bowland shale in the northwest of England
- Preston New Road is located near existing gas pipelines, which would enable cost effective transport of gas into the UK's extensive gas distribution network
- Existing wells at PNR have previously shown clean gas can be liberated from the shale and flown to surface
- Existing wells could be re-entered and production resumed quickly if changes are put in place to provide regulatory conditions consistent with other UK industries e.g. construction and geothermal.
- Thickness of shale, within which Cuadrilla has identified at least 6 potentially productive zones, means a single ~2 hectare well pad could potentially hold up to 72 laterals wells across 6 vertically stacked levels



Source: UK Oil and Gas Authority, Cuadrilla

Vertically stacked and horizontally spread wells



CUADRILLA BOWLAND SHALE

BGS estimates Bowland shale holds 1,300Tcf gas in place

Shale located several thousand feet below aquifers

Shale thickness (>1km) enables multiple horizontal wells at different levels

High quality natural gas has flown to surface from the shale

Bowland shale ideally suited to hydraulic fracturing

Complex network of fractures created & excellent sand retention

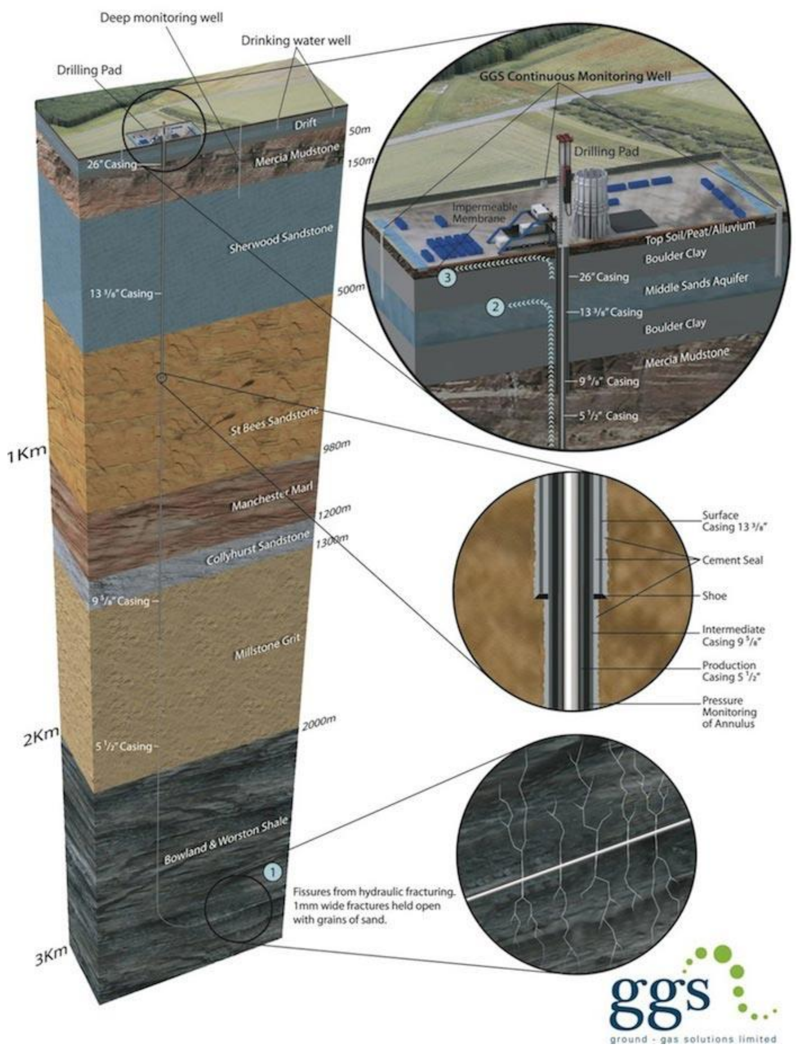
Thickness/spread of shale = multiple wells per production pad (cost efficiencies)

Close proximity to local and national gas pipeline infrastructure

UK natural gas prices at substantial premium to US

Excellent gas quality with high methane content and little impurities

SHALE GAS DRILLING, FRACCING AND ENVIRONMENTAL MONITORING



Source: Ground Gas Solutions

COMPARISON UK AND US SHALE GAS METRICS

	UK Bowland Shale		United States shale gas producing basins[3]					
	Preston New Road site[1]	Springs Road site – Lower Bowland[2]	Eagle Ford	Barnett	Fayetteville	Woodford	Haynesville	Marcellus
Depth *(m)*	**1,300 - 3,300**	**2,300 – 2,600**	2,100 - 3,700	2,000 - 2,600	300 - 2,100	1,500 - 2,900	3,200 - 4,100	1,200 - 2,600
Gross thickness *(m)*	**>1,000**	**300**	30 - 145	30 - 180	5 - 60	5 - 80	60 - 90	15 - 60
Total organic content *(%)*	**1 - 7%**	**0 - 6.6%**	4 - 8%	4 - 5%	4 - 9.8%	4 - 8%	0.5 - 4%	2 - 8%
Thermal maturity *(R_o %)*	**1 - 1.8%**	**1.3%**	0.7 - 1.8%	1.3 - 2.1%	1.5 – 4%	1.2 - 2.8%	1.7 - 2.8%	1.3 - 2.4%
Porosity *(%)*	**2 - 7%**	**1 - 9%**	4 - 10%	4 - 8%	4 - 5%	5 - 6%	7 - 10+%	4 - 8%
Pressure *(psi / ft.)*	**0.5 - 0.7**	***Not given***	0.5 - 0.75	0.43 - 0.45	0.38 - 0.45	0.5 - 0.55	0.7 - 0.9	0.6 - 0.7

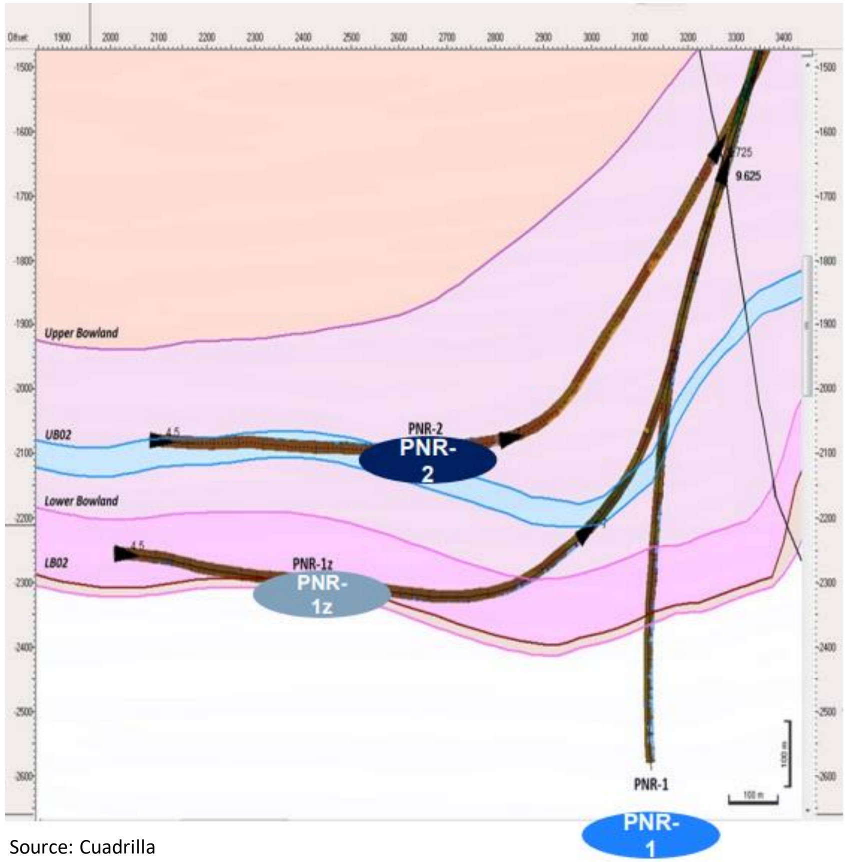
1. Cuadrilla management
2. IGas press release "Unaudited Half-year results for the six months ended 30 June 2019", Sep 2019 (some figures rounded)
3. Anderson Thompson "Upper Bowland Shale Probabilistic Forecast Study" (NB: feet converted to metres and rounded)

NLUCAS

CUADRILLA PRESTON NEW ROAD INITIAL DRILLING CAMPAIGN

- Drilling of the first vertical well at Preston New Road completed in January 2018 to a depth of ~2,700m through the Upper and Lower Bowland shales
- Extensive core samples recovered and analysed
- Top six prospective production zones high-graded, three in the Upper Bowland and three in the Lower Bowland
- First horizontal well (PNR-1z) drilled for ~800m in Lower Bowland at a depth of ~2,300m – completed in April 2018
- Second horizontal well (PNR-2) drilled for ~750m in Upper Bowland at a depth of ~2,100m – completed in July 2018

One pilot well and two horizontal wells drilled through the Bowland Shale



Source: Cuadrilla

CUADRILLA PNR1Z FLOW TESTING INDICATES LARGE POTENTIAL

- PNR-1z horizontal well section was completed with 41 separate sliding sleeves. Cuadrilla had planned to fracture each sleeve with 400m^3 of fracturing fluid and 50 tonnes of proppant (sand)

- Operations were limited by the 0.5ML (local magnitude) threshold defined under the Traffic Light System (TLS), intended to regulate induced seismicity caused by hydraulic fracturing

- Only 17 sleeves were hydraulically fractured and only 2 of those sleeves were treated with the design volume of proppant . In total only ~14% of the intended proppant was embedded in the formation, a total of 278 tonnes

- Despite this, natural gas with a very high methane content and very few impurities flowed to the surface from the limited number of fractured sleeves, reaching a peak production rate of more than 200,000 standard cubic feet per day (**scfd**) and a stable rate of over 100,000 scfd

- Anderson Thompson, a North American reservoir engineering firm and part of NCS Multistage, analysed the cores at PNR and assessed likely gas recovery volumes for horizontal wells that could be drilled in the Lancashire Bowland shale

- Anderson Thompson's analysis estimates that, over a 30-year period, a volume of 6.5 billion cubic feet (**Bcf**) of gas could be produced from a 2.5km horizontal well in the Bowland shale[1]

- Subsequent to the flows achieved at PNR-1z, UK onshore oil and gas industry body UKOOG updated their estimates of flow for a typical horizontal Bowland shale well – UKOOG estimates an initial flow range of between 3 and 8 million scfd of gas for an equivalent 2.5km lateral section, with a central ultimate gas recovery per lateral well estimate of 5.5 Bcf[2]

1. Anderson Thompson "Upper Bowland Shale Probabilistic Forecast Study"
2. UKOOG "Updated shale gas production scenarios" Mar 2019

CUADRILLA PNR-2 FLOW TESTING INDICATES LARGE POTENTIAL

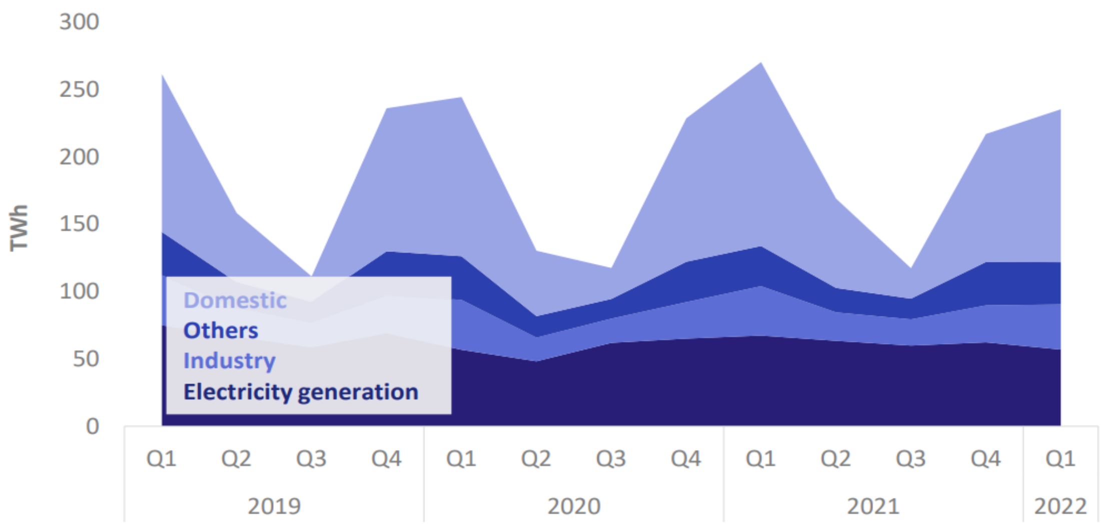
- Encouraging results from hydraulic fracturing of PNR-2 with the initial 5 (of 45 total) sleeves treated with the full proppant design volume:
  - Textbook fractures with targeted proppant volumes of 30 tonnes for Sleeve 1 and 50 tonnes for Sleeves 2-5 achieved
  - Extremely minimal seismic activity – no readings >0.1ML by BGS
- However, following the partial fracturing of Sleeves 6 and 7 several trailing events >0.5ML were recorded, the largest of which was 2.9ML
  - Cuadrilla's Hydraulic Fracture Plan approved by the OGA noted an upper bound estimate for induced seismicity of 3.1ML
  - The very limited incidences of felt ground vibrations from Cuadrilla's fracturing operations have typically lasted for less than three seconds; and maximum vibration levels have been at levels that according to British Standards are unlikely to damage buildings
  - The UK micro-seismicity limit of 0.5ML is orders of magnitude lower than comparable Traffic Light System thresholds in the US (Ohio: 1.0; California: 2.7; Illinois: 4.0; Colorado: 4.5) and Canada (British Columbia: 4.0; Alberta: 4.0)[1]
- A moratorium on hydraulic fracturing was introduced by the UK government on 2 November 2019 preventing further operations on PNR-2
- Despite this, flow rates of natural gas from just 5 fully completed fractures peaked at 175,000 scfd and stabilised at rates of between 60,000 and 70,000 scfd.
- The gas at PNR-2 was again high quality containing approximately 89% methane, 5% ethane and 2% propane and is virtually free from impurities

1. UK National Audit Office analysis

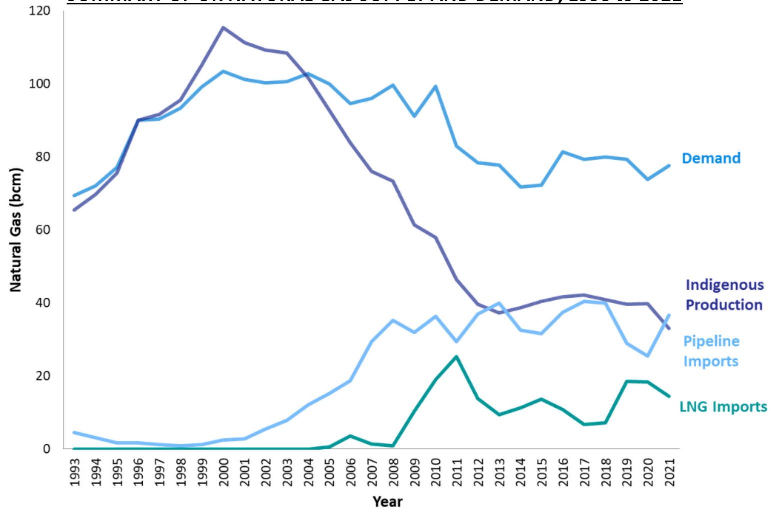
UK ENERGY OVERVIEW A PROBLEM WITH A VISIBLE SOLUTION

- The UK remains highly dependent on hydrocarbons for primary energy. In 2021 natural gas fuelled the generation of 39.8% of the UK's electricity[1]
- In a 2022 survey, 78% of respondents used gas central heating in their homes[2]
- The majority of the UK's domestic sources of natural gas peaked in 2000 and have since been in decline. In 2021 the UK imported 50%[5] of its natural gas, projected to increase to 80%[4] by 2030 without new investment
- In 2021, approximately 63%[3] of imports came from Norway, with another 8%[3] from Belgium and Netherlands and the balance of 29%[3] imported as LNG

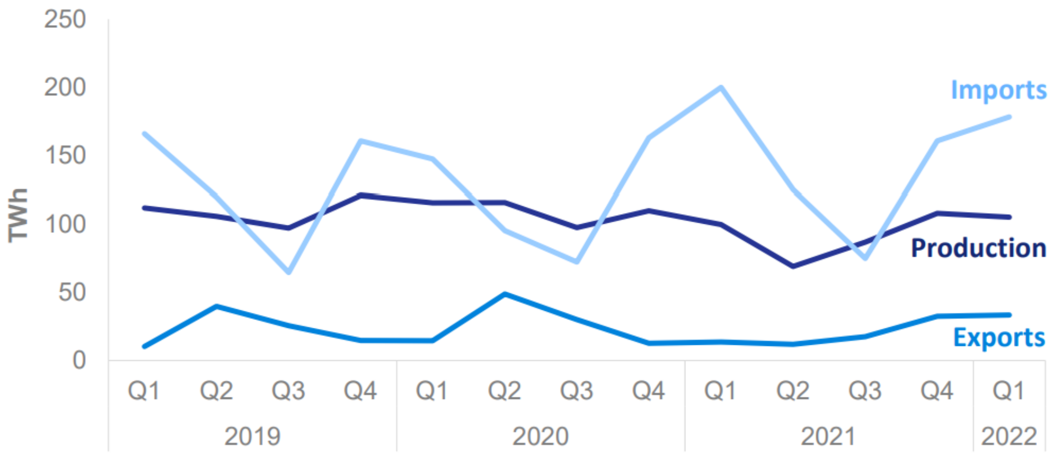
UK DEMAND FOR NATURAL GAS



SUMMARY OF UK NATURAL GAS SUPPLY AND DEMAND, 1993 to 2021



SUPPLY AND DEMAND OF NATURAL GAS



1. UK Government's Department for Business, Energy & Industrial Strategy (BEIS), UK Energy in Brief 2022
2. BEIS Public Attitudes Tracker (Spring 2022, UK)
3. Energy Trends (UK, January to March 2022), BEIS 30 June 2022
4. Offshore Energies UK (OEUK) - 29 March 2022 Press Release & 2022 Business Outlook report
5. Office for National Statistics – Trends in UK imports and export of fuels dated 29 June 2022

UK ENERGY OVERVIEW A PROBLEM WITH A VISIBLE SOLUTION

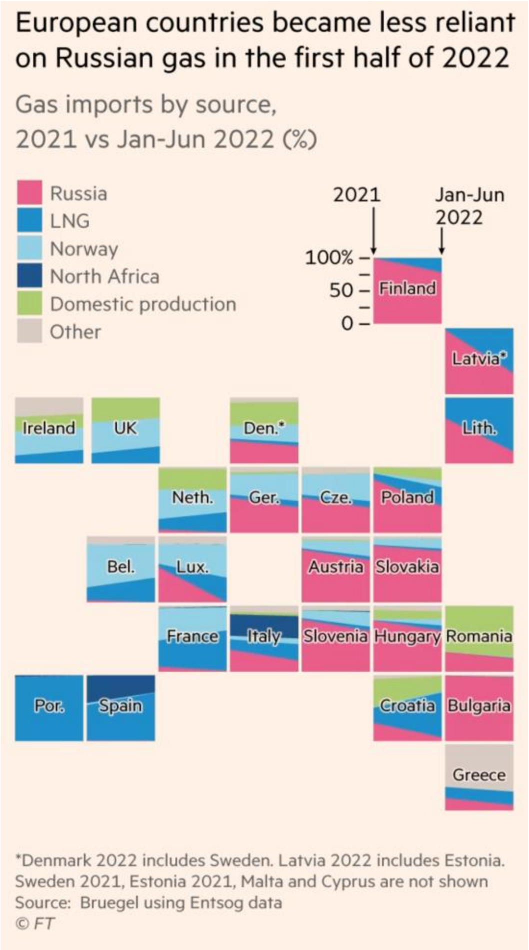
Three major events in the past 12 months have exposed the flaws in the UK's energy strategy:

a) Renewables can be unreliable: in October 2021, the Jet Stream moved north and limited wind generation. This spiked demand for Natural Gas just before the winter demand peak started, causing the UK government to restart some coal fired power plants and subsidise gas

b) Russia "weaponizing" energy supply to Europe: The Ukraine war has further caused gas and oil prices to spike exposing again the perils of energy dependence. The problem for Europe, and specifically the UK, is now how to respond to these events. Many parties in government and industry note the following issues; and

c) The current government subsidisation of energy bills is expensive and temporary.

- Underinvestment by the O&G industry in new production has accelerated domestic production declines and reduced energy independence in the UK
- The EU need to find replacements for Russian gas[1] and a potential major source lies onshore in the UK
- The UK, during domestic gas production declines, is still spending significant amounts of money to develop both Blue Hydrogen and Carbon Capture & Storage (CCS)[2] capabilities, for which domestic gas is the optimum supply source, and;
- The prospect of shale gas revenue sources to bolster tax revenues, source new jobs and provide community benefits in the north of England.[3]



[1] Financial Times – refer to embedded article

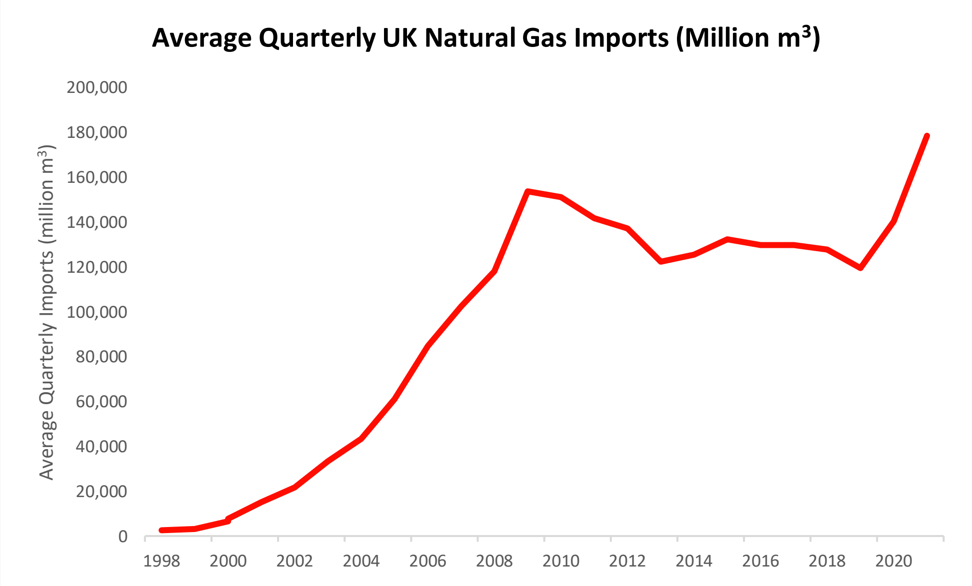
2 Department for Business, Energy & Industrial Strategy – The Carbon Capture & Storage Infrastructure Fund – Update on the Design of the CCS Infrastructure Fund

3 https://www.ukoog.org.uk/economy

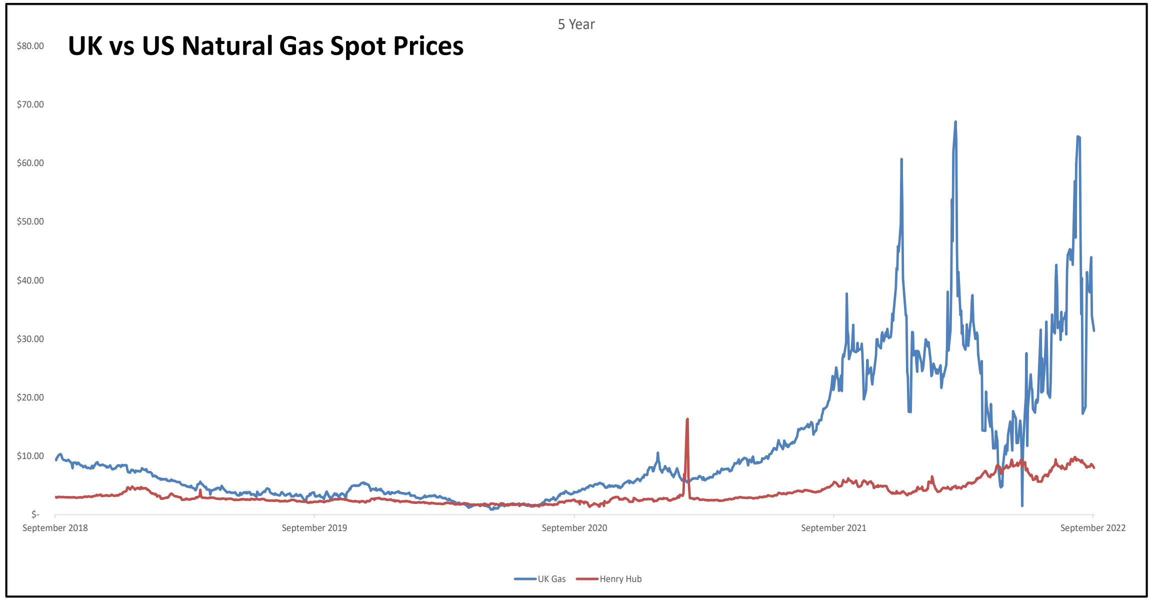
UK ENERGY OVERVIEW A PROBLEM WITH VISIBLE SOLUTION

- The war in the Ukraine and the increase in oil and natural gas prices has highlighted the extent of the UK's vulnerability to insecure and high-priced international supply

- The extent of UK gas supply vulnerability is highlighted by the growing divergence in UK wholesale gas price as illustrated and that the US has become sufficient as annual natural gas production exceeds natural gas consumption from increases in production from shale and tight formations.[1]



Source: UK Department for Business, Energy & Industrial Strategy – Quarterly total energy data revisions



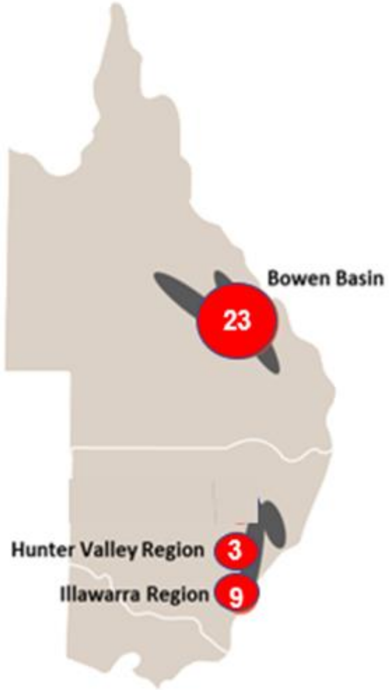
Source: Bloomberg

[1] U.S Energy Information Administration – US Energy Facts explained - https://www.eia.gov/energyexplained/us-energy-facts
U.S Energy Information Administration – Natural gas explained May 12, 2022 - https://www.eia.gov/energyexplained/natural-gas/imports-and-exports

AUSTRALIAN OPERATIONS LUCAS DRILLING SERVICES

The Australian Operation is divided into three key divisions providing drilling services to top tier coal miners along the east coast of Australia, primarily focused on gas drainage of underground coal mines, which is essential for safe mining.

Directional Drilling	• Degassing in advance of the longwall necessary for safe mining • Relates to the practice of drilling lateral surface to inseam & vertical wells to enable clients to commence draining the gas from the coal mine panels a few years ahead of current mine production
Large Diameter	• Drilling works performed for the drainage of coal mine gas for underground mines • Includes goaf drainage, risers, mine service and other vertical wells.
Exploration	• Core sampling and core delineation works, rotary holes for structure definition and others • Gas compliance drilling



- Exemplary safety record embracing company-wide goal of an injury-free workplace.
  - No Lost Time Injury's since 2014
  - Industry leading total recordable Injury Frequency rate of 4.0 at 30 June 2022
- Australian metallurgical coal mines produce almost 60% of the world's seaborne metallurgical coal (20% coming from underground coal mines, 40% from open cut mines)
- Lucas Drilling Services provides services to most of the Australian underground metallurgical coal mines

AUSTRALIAN OPERATIONS LONG TERM BLUE CHIP CUSTOMERS

LUCAS

Excellent client base

- Lucas Drilling Services provides drilling services to some of the world's largest underground miners
- Relationships with certain customers have lasted for 20+ years. LDS possesses a strong incumbency advantage as its processes, managers and rig operators are well integrated into each mine site, with significant financial and time costs for the customer when changing drilling provider
- LDS customers are in the lower and defensive positions on the global seaborne cost curve

Key Customers	Customer / Mine Relationship	Mine Sites
ANGLO AMERICAN	20+ years	Grosvenor mine Moranbah North mine Moranbah South mine
KESTRELCOAL RESOURCES	20+ years (ex Rio Tinto)	Kestrel [1]
WHITEHAVEN COAL	10 years	Narrabri Mine
GLENCORE	20+ years	Oaky North Hail Creek Various NSW mines
SOUTH32	20+ years	Appin Dendrobium
YANCOAL	15+ years	Moolarben Various NSW mines [1]
fitzroy australia resources	15 years	Carborough Downs [2] Ironbark

[1] formerly held by Rio Tinto [2] formerly held by Vale

AUSTRALIAN OPERATIONS LUCAS DRILLING SERVICES

LUCAS

Operations

- The Group's Australian drilling operations delivered an EBITDA of $19.1 million (2021: $21.9 million) during the year) on revenue of $123.2 million (2021: $111.1 million).
- AJL's main operating business performed well during the year, despite facing a range of external challenges.
- The first half was impacted by a continuation of the previously reported operational and regulatory issues at key customer mines.
- As reported in the first half, these were largely resolved, and the second half started with full utilisation of the Group's higher earning rigs and an increased monthly EBITDA run rate. Based on customer mine plans at the time, this higher EBITDA run rate was expected to continue and result in a stronger second half.
- Significant wet weather events in the Illawarra and central Queensland regions in the last quarter meant several operating rigs had to be suspended. As a result, the number of operating shifts lost to wet weather in May 2022 was significantly higher than expectations.

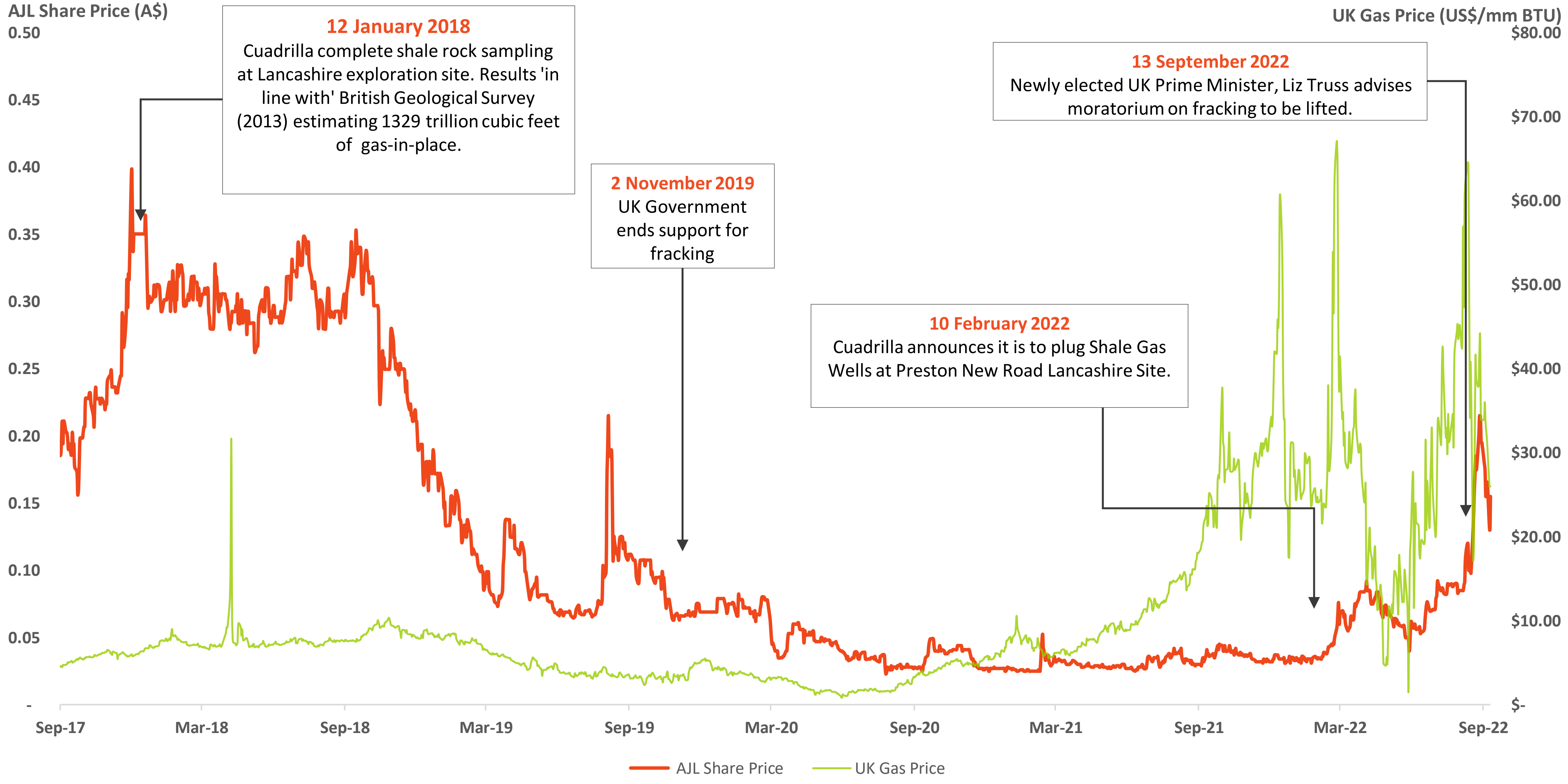
Continuing to add contracts

- While customer contracts provide cover for variable labour costs for a period of wet weather, profit margins were adversely impacted in May and June.
- Group has been awarded new contracts following two successful tender processes with existing customers with whom existing contracts were coming to an end. These agreements, with the Group's largest customers, cover directional drilling, vertical drilling and ancillary services.
- The Group was also successful in winning 4 new smaller exploration contracts increasing its working rig count by 5 in the exploration business unit.

Outlook

- AJ Lucas is optimistic about the contracting and tendering environment in its market. Australia produces high quality, low costs metallurgical coal fulfilling a significant portion of the world's demand for the commodity, with further mines planned to commence operations in the future.
- Metallurgical coal prices remain elevated, coupled with increasing expectations, albeit unofficial at this stage, that China will resume importing Australian metallurgical coal.
- Continuing to look for organic growth opportunities and/or incremental/accretive synergistic acquisitions

AJ LUCAS SHARE PRICE & GAS JOURNEY



Source: IRESS (AJL Share Price A$)

Source: Bloomberg (UK Gas Price US$ / mm BTU)

EQUITY RAISING DETAILS

LUCAS

Offer Size and Structure	• ~$19.7 million placement of approximately 179.4 million new fully paid ordinary shares (“**New Shares**”) to sophisticated and professional investors (“**Placement**”) pursuant to the Company’s existing placement capacity under ASX Listing Rule 7.1
Issue Price	Fixed offer price of $0.11 per New Share which represents a: • 29.0% discount to the last closing price of $0.155 as at close of trade on 27 September 2022 • 30.5% discount to the 5-day VWAP of $0.158 as at 27 September 2022 • 37.2% discount to the 10-day VWAP of $0.175 as at 27 September 2022
Use of Proceeds	The funds raised in the offer may be used in conjunction with existing available cash at bank of $3.1 million(at 30 June 2022) for: • Funding for UK operations to respond to recent regulatory changes[1] • Expenditure on plant and equipment (as required and/or necessary) • Working capital/Costs of issue
Ranking	The New Shares will rank equally with all existing ordinary shares (“**Shares**”) on issue.
Syndicate	Canaccord Genuity (Australia) Limited is acting as Lead Manager and Bookrunner to the Placement

[1] third party equipment to support resumption of operations needs to be identified and potentially mobilised to site

PRO FORMA BALANCE SHEET

LUCAS

Balance Sheet (A$m)	Audited as at 30 June 2022	Equity Raising Adjustments[1]	Proforma as at 30 June 2022
Cash & Cash in Trust	3.1	19.7	22.8
Other assets	32.1		32.1
Property, Plant and Equipment	29.4		29.4
Exploration assets	156.1		156.1
Total assets	**220.7**	**19.7**	**240.4**
Payables, provisions and other liabilities	33.8		33.8
Debt	110.1		110.1
Total liabilities	**143.9**	**-**	**143.9**
Net Assets	**76.8**	**19.7**	**96.5**

[1] Gross proceeds from raise assuming a fully subscribed Offer

DEBT SUMMARY

LUCAS

Current Debt structure:

Facility	Balance at 30 June 2022 ($m)	Maturity
Senior-ranking, revolving Asset Based Lending Facility up to $30 million (“ABL”)	19.1	Apr 2023
Junior loan notes (“Junior Loan”)	33.5	Apr 2023
Shareholder loan provided by Kerogen Capital (“Shareholder loan”)	53.8	Oct 2023
Leases of office space, plant and equipment (“Leases”)	3.6	Various
Other	0.1	
	110.1	

- ABL and Junior Loan are A$ denominated and incur interest at BBSY plus a margin (6.74% and 14.08% respectively at 30 June 2022)
- The ABL can be drawn up to a limit of $35 million subject to sufficient collateral at all times
- Shareholder loan provided by Kerogen who holds 65.2% of the Company's share capital, is US$ denominated and incurs an 18% fixed interest rate capitalizing at the election of the Company
- Shareholder loan is subordinated to ABL and Junior Loan
- The Company has initiated a formal process to refinance its existing debt in September 2022
- Kerogen has acknowledged that it may be required to extend the maturity date under the Shareholder loan to meet requirements of existing or new potential financiers on terms to be agreed

INVESTMENT SUMMARY

LUCAS

- AJ Lucas mining services is an established operation delivering strong underlying EBITDA and supports the balance sheet
- After three difficult years the considerable potential of AJ Lucas' UK gas assets has begun to resurface
- The UK Government's announcement on 22 September 2022 lifting the fracking moratorium in conjunction with exponentially higher gas prices has materially reopened and accelerated Cuadrilla's opportunity
- The sites are proximal to the national grid, resulting in fast, low-cost access to power and infrastructure
- Subject to further approvals, Cuadrilla could produce gas within 6 - 12 months
- The Company is highly engaged working with regulators in the UK to best ascertain the way forward to solving the UK's energy crisis

APPENDIX 1

LUCAS

AJ Lucas direct and indirect licence interests

Licence	Sq. km	AJL has a 96% interest in Cuadrilla. Cuadrilla interest in licenses	AJL direct interest through foreign owned subsidiaries	TOTAL AJL (direct & indirect)	Other licence holder interests	
Bowland - Lancashire region						
PEDL 165	1,065	51.25%	23.75%	75.00%	Spirit Energy	25.00%
EXL 269	55	53.50%	23.75%	77.25%	Spirit Energy	22.75%
Bowland - Yorkshire region						
PEDL 276	192	100.00%	-	100.00%		
PEDL 287	200	70.00%	-	70.00%	INEOS	30.00%
PEDL 288	200	70.00%	-	70.00%	INEOS	30.00%
PEDL 290	88	100.00%	-	100.00%		
PEDL 333	152	100.00%	-	100.00%		
PEDL 342	100	70.00%	-	70.00%	INEOS	30.00%
PEDL 346	185	70.00%	-	70.00%	INEOS	30.00%
PEDL 347	156	100.00%	-	100.00%		
Total Bowland	2,391					
South of England						
PEDL 244	154	56.25%	18.75%	75.00%	Angus Energy	25.00%
Total non-Bowland	154					
TOTAL LICENCES	2,545					

APPENDIX 2

Board of Directors

FRANCIS EGAN MEng MBA CEO, Cuadrilla Resources ED, AJ Lucas Group Ltd		Francis has over 36 years of diverse international experience in the upstream oil and gas industry, working in engineering and senior management roles. Prior to joining Cuadrilla as CEO in July 2012, Francis worked in Houston, Texas as President of Production for BHP Billiton Petroleum. He also held senior management roles at BHP in Algeria, Pakistan, UK and Australia over the course of a 20-year career. Prior to joining BHP Billiton, Francis spent eight years with Marathon Oil in a variety of engineering and commercial roles. He was educated in Ireland, obtaining a BE Civil Degree with First Class Honours and a Master of Engineering Science Degree. He spent time as a PhD student and research assistant at the California Institute of Technology (Caltech) in Los Angeles and also holds a MBA from the University of Warwick.
BRETT TREDINNICK MBA Group CEO, AJ Lucas Group Ltd		Mr Tredinnick was appointed as the Group CEO in January 2020 having previously being the CEO of the Drilling Division and COO for the group. He has presided over the significant growth, restructuring and strategic initiatives for the Australian operations part of the business in recent years. Mr Tredinnick has been with the Group for over 20 years and during this time has seen multiple mining cycles. He has lead and implemented initiatives that have kept AJL's Australian business safe, profitable, innovative and a leader in its field of execution while highly regarded by its peers and customers in Coal, Oil and Gas. Prior to joining AJL, Mr Tredinnick held various operational and project management roles with Rio Tinto Coal and BHP. Mr Tredinnick holds qualifications in Metallurgy, an MBA from the University of Queensland and is a member of the Australian Institute of Company Directors.
ANDREW PURCELL BEng MBA Chairman, AJ Lucas Group Ltd		Mr Purcell is an engineer by background and has had a distinguished career in investment banking working with Macquarie Bank and Credit Suisse, the latter both in Australia and Hong Kong. In 2005 he founded Teknix Capital in Hong Kong, a company specialising in the development and management of projects in emerging markets across the heavy engineering, petrochemical, resources and infrastructure sectors. Mr Purcell also has considerable experience as a public company director, both in Australia and in a number of other countries in the region, currently also being the Chairman of Melbana Energy Limited (ASX: MAY).
Julian Ball BA FCA NED, AJ Lucas Group Ltd		Mr Ball is an independent consultant representing Kerogen Capital, based in Hong Kong, and has more than 30 years of experience in investment banking and private equity. Mr Ball trained as a chartered accountant at Ernst & Young (EY) in London before transferring to EY Corporate Finance team and then relocating to Hong Kong. He worked for many years as an investment banker at JP Morgan primarily covering the energy and natural resources sectors prior to working in private equity, first at JP Morgan and then Kerogen Capital, where he was Head of Investment and Asset Management.
Austen Perrin BEcon CA GAICD NED, AJ Lucas Group Ltd		Mr Perrin was the Group Chief Financial Officer since December 2014 to 31 August 2020 when he retired from that position, but he continues to serve as a Director. He is also a Non-executive Director of Andromeda (ASX: AND). Prior to joining AJL, he was the Chief Financial Officer for Whitehaven Coal Limited for nearly 6 years. He also previously held the group CFO roles with Asciano Limited and Pacific National Limited and was an Executive Director and divisional CFO of the listed Toll NZ Limited as well as holding various senior finance roles within the Toll Holdings group and TNT. Mr Perrin has considerable knowledge of transport, infrastructure, coal mining and oil and gas industries and has in depth experience across commercial, accounting and the finance spectrums. Prior to that he started his career with KPMG.

APPENDIX 3

LUCAS

RISKS

Introduction

- The Risks section describes some of the potential risks associated with an investment in the Company. Any investment in the Company is subject to risk factors specific to the Company and its business activities and those of a more general nature including general risks associated with investing in New Shares. Any, or a combination, of these risk factors may have a material adverse effect on the Company's business, financial condition, operating and financial performance, growth, and/or the value of its New Shares and all other Shares. There can be no guarantee that the Company will achieve its stated objectives. You should note that past performance may not be a reliable indicator of future performance.

- The Risks section does not list every risk faced by the Company or that may be associated with an investment in New Shares, now or in the future. Additional risks (including those that the Company, the Directors and Management are currently unaware of) also have the potential to have a material adverse effect on the Company's business, financial condition, operating and financial performance, growth and/or the value of its New Shares and all other Shares.

- Whilst some of the risks identified can be mitigated by the use of safeguards and appropriate systems and actions, many of these risks are outside the control of AJL, its Directors and its management.

- Risks have been outlined in four categories:
  A. Investment in UK exploration licences;
  B. Lucas Drilling Services and the markets in which it operates;
  C. Other operational, financial and business risks; and
  D. Risks relating to investing in the New Shares.

- Before deciding whether to invest in the Company, you should read the entire Presentation carefully and satisfy yourself that you have a sufficient understanding of the actual and potential risks associated with an investment in the Company. You should consider whether New Shares are a suitable investment for you having regard to your own investment objectives, financial circumstances and particular needs (including financial and taxation issues). If you do not understand any part of the Presentation or are in any doubt as to whether to invest in the Company, you should seek professional advice from your stockbroker, accountant, lawyer, financial adviser or other independent professional adviser before deciding whether to invest.

RISKS (CON'T)

LUCAS

A. Investment in UK exploration licences

UK political & regulatory risk	a) AJL has an interest in a number of onshore gas exploration and production licences located in the United Kingdom ("the Licences"). Such licences are subject to changes in UK laws, regulations, practices and policies including those concerning overseas investments. b) In particular, there may be considerable resistance from any one or more of the public, regulators and / or legislators, in the UK or in parts of the UK, to any exploration, development or production activities associated with the Licences. Such resistance may arise in connection with, but not limited to, a) General resistance to exploration or use of fossil fuels, including as a result of climate change b) Environmental sensitivities and concerns about pollution c) Concerns about the potential effects of fracturing on aquifers and seismic activity, and d) concerns about the impact of drilling and hydraulic fracturing operations on landscapes, c) Such resistance may result in the suspension of activities, increased regulations imposed on the activities and/or a complete ban on certain operations including hydraulic fracturing. d) On 2 November 2019, the UK Government announced a moratorium on hydraulic fracturing and indicated that it would remain in place until new evidence was provided that addressed concerns around the prediction and management of induced seismicity. e) On 8 September 2022 the UK Government announced that the moratorium on hydraulic fracturing would be lifted. Liz Truss, the UK Prime Minister said that lifting Britain's fracking moratorium was part of a larger plan to increase domestic oil and gas development, aimed at lowering energy costs across the U.K. This was later actioned on 22 September 2022. f) Several of the major political parties in the UK, including the Labour Party and the Liberal Democrats, have previously expressed their opposition to hydraulic fracturing in principle, and may implement policies to that effect should they be elected to power. The next general election in the UK is expected to be held before January 2025. g) Exploration for onshore shale gas in the UK is highly regulated and a number of regulatory approvals are required before exploration activities can take place. These include Environment Agency approval regarding groundwater, surface water, air quality and safe storage of waste; planning permission from local authorities who seek views of the local community; North Sea Transition Authority (NSTA) approval regarding management of induced seismic activity; and Hydraulic Fracturing Consent from the UK Department of Business, Energy & Industry Strategy (BEIS). While there have been a number of statements made by the current UK Government in support of shale gas exploration, there is no guarantee that the approvals required to undertake future shale gas exploration programs in the UK will be able to be obtained. h) Assuming the exploration and appraisal programmes at the PNR site or elsewhere prove commerciality, additional regulatory approvals will be required to further develop AJL's licences in the Bowland shale on a commercial scale. As there are no existing shale gas development projects in the UK, there is uncertainty as to the processes, timeframe and costs involved in obtaining such regulatory approvals, as well as the form such approvals could take. i) Oil and gas tenements are issued by the UK government for a certain period of time on terms and conditions set out in a licensing agreement. If the tenement holder fails to meet or fulfil the terms and/or conditions under its licence it risks forfeiting the tenement.

RISKS (CON'T)

A. Investment in UK exploration licences (continued)

Extent of, and ability to recover unconventional hydrocarbons	a) AJL's ability to develop its concession for unconventional hydrocarbons depends upon the presence of significant in-place resources and the ability of AJL to recover those resources in a commercially viable manner. It is not certain that AJL will be able to recover hydrocarbons in its concession areas in the quantities or at a cost that makes production commercially feasible. b) There has been, as yet, no commercial production of unconventional hydrocarbons in the UK, whether by AJL or any other party. The data provided by the initial seismic appraisals, drilling and testing of vertical and horizontal wells (which has not been carried out so as to generate a continuous flow of gas over an extended period of time) including drilling and partial fracturing of the two horizontal wells at PNR, and other exploration activities undertaken to date, are insufficient at this stage to conclusively evaluate the likelihood of commercial recovery of unconventional hydrocarbons. c) There is a risk that unconventional hydrocarbon extraction and recovery may not be feasible at all in AJL's concessions with existing technology due to technical complications arising from factors such as rock properties including existing known and unknown fault structures which may be prone to seismic activity as a result of hydraulic fracturing, reservoir pressure, fracture complexity and conductivity, and other factors specific to the shale formations within AJL's concession areas. d) If recovery of hydrocarbons is technically feasible in AJL's concessions, there is a risk that it may not be commercially viable due to the costs of the technology, drilling, equipment and other resources needed to extract the hydrocarbons from the reservoirs, all of which are dependent to a significant extent on the specific conditions of each particular reservoir. e) Commercial extraction of hydrocarbons will also depend on installation of infrastructure which will require AJL to obtain additional regulatory approvals. f) The commercial viability of any particular unconventional reservoir will be largely a function of the prevailing prices for oil and natural gas compared to the costs of extracting hydrocarbons from that reservoir. A higher cost base for a particular reservoir, whether due to its particular geophysical qualities or otherwise (including installation of gathering pipelines and related investments necessary to install any required supply infrastructure) could make profitable extraction from such reservoir impossible. g) If AJL is unable to recover hydrocarbons from its concessions at all, due to geological factors or technical infeasibility, or if it is able to recover hydrocarbons only at a cost which makes production commercially unviable, this may have a material adverse effect on the value of AJL's investment in the Groups licences.

RISKS (CON'T)

LUCAS

A. Investment in UK exploration licences (continued)

a) Impact of induced seismicity	Where seismic events induced by hydraulic fracturing operations exceed the 0.5ML threshold prescribed under the current Traffic Light System, the Operator of an onshore exploration or production licence must suspend its operations for 18 hours while it carries out certain activities, such as well flushing and integrity checks. Such activities create time and financial costs, which are contingent in nature and cannot therefore be reliably estimated or predicted. Furthermore, seismic events of a certain strength can produce felt ground-level vibration and may cause superficial damage to buildings and other structures located in the vicinity of the fracturing operations. Following the 2.9ML event on 26 August 2019, Cuadrilla, the operator of the majority of AJL's exploration and development licences and currently a subsidiary of AJL, received approximately 100 claims relating to property damage, a number of which may have been spurious and a number of which were dropped on investigation. Residual claims were for superficial damage only, and while it was unclear that the damage was not pre-existing, Cuadrilla took the decision to make nominal ex gratia payments to these claimants. If, following future hydraulic fracturing, further seismic events were to be felt at ground level, it is possible that Cuadrilla may see further claims sought for damages (whether real or spurious). This may result in additional resources taken to clear such claims, and if any real damages were validated, compensation may be made. While Cuadrilla had third party insurance in place under which it could seek relief to valid claims, there is no guarantee such insurance would be available or commercially viable to obtain in future, or if limits under such insurance would not be exceeds by a claim or claims under such policies.
b) Projections of macroeconomic benefits from shale gas operations	Forecasts and projections of potential economic benefits deriving from a domestic shale gas industry, including those relating to balance of payments, tax revenues, job creation and local & community benefits, are, by their nature, subject to significant uncertainties, risks and assumptions and there is no guarantee that any of these benefits, or any other economic benefits, will eventuate regardless of the scale of shale gas operations. Furthermore, no assumption should be made that the UK Government will review, consider or rely upon any of these forecasts or projections in developing and implementing policies relating to shale gas exploration and development in the UK.
c) Industry sources	Certain reports containing forecasts and projections of potential economic and environmental benefits deriving from shale gas projects in the UK have been produced or commissioned by organisations or entities that have an interest in the development of a UK shale gas industry. Reports produced by the onshore oil and gas trade industry body (UKOOG), in particular, including any figures, estimates, projections and statements contained therein, are intended to promote the UK oil & gas industry.

RISKS (CON'T)

LUCAS

A. Investment in UK exploration licences (continued)

Inability to meet exploration licence funding obligations - AJL direct interests	Under joint operating agreements between owners of the licences that AJL has interests in, the operator is generally required to prepare a budget for exploration of these areas which is then approved by a joint operating committee. If AJL fails to make its required contributions to approved project expenditures in a timely manner, it is exposed to the risk that it may lose its direct interests in these licences by way of the forfeiture provisions under the joint operating agreements that govern the joint ventures.
Centrica farm-out agreement	Under the terms of the June 2013 farm-in agreement with Centrica plc (Centrica) and subsequent amendments to it, Centrica agreed to fund a contingent carry amount of £46.7 million (in addition to an initial carry amount of £60 million which has been fully utilised) to be applied against various appraisal and development activities on the Bowland licence, subject to certain operational milestones being met by Cuadrilla. Under the agreement, Centrica also holds a put option to sell back its equity interest in the Bowland licence to Cuadrilla and AJL for a nominal consideration. In the event that Centrica exercises the put option, the contingent carry amount would be forfeited. In July 2020 Spirit Energy (a subsidiary of Centrica) issued a notice informing Cuadrilla of its intention to exit the Lancashire shale exploration licences. In June 2022, Cuadrilla agreed to Spirit's request to be able to withdraw the notice given its exit had not by that time been approved by the relevant UK regulator. As such, Spirit will now retain its 25% participating interest in the Bowland and a 22.75% interest in the Elswick exploration licences (PEDL165 and EXL269, respectively). Spirit retains the option to exit these licences, should it elect to do so, before the end of June 2023, or such later date as the UK oil and gas regulator may consent to extend the suspension of the single Elswick gas well or the two Preston New Road shale exploration wells (all three wells currently approved by the regulator for suspension until end June 2023)

RISKS (CON'T)

LUCAS

B. Lucas Drilling Services and the markets in which it operates

<table>
<tr><td>Commercial, financial and operational risks</td><td>a) As a business operating in the drilling industry, AJL faces general operational and commercial risks affecting both current and future operations. Such risks include the loss of major customers, equipment failures, external services failures, pandemics, natural disasters, technology system failures, industrial action or disputes, competition and other causes of business interruption, each of which may have a material adverse effect on AJL. The development of new technologies which compete with AJL's operations may also have a material adverse effect on AJL.
b) AJL is subject to, and seeks to manage, a number of contractual risks which include the following:
• AJL enjoys a number of contracts with long-term customers. In FY2022 two major customers accounted for approximately 84% of AJL's gross consolidated revenue (2021: 89%). A number of AJL's drilling contracts contain a right for customers to terminate the contract at their convenience by providing notice to AJL, with limited or no amounts payable to the Company. In addition, such contracts often do not guarantee a minimum extent of drilling work for the contractor during the term of the contract. There is a risk that existing contracts may be terminated on short notice for convenience, not be renewed or otherwise terminated and that drill rigs may not be able to be placed with alternative customers. In the event of contract termination, assets and resources used on that project may not be able to beredeployed to other projects on the same terms or at all and there may be downtime between demobilisation and redeployment. Customers are not required to state a reason for such termination nor are they required to attribute termination to any breach on the part of AJL. If any key customers reduce exploration or production or terminate the relationship, or if potential contracts are not awarded, this may have an adverse effect on the financial performance and/or financial position of AJL;
• contracts in the sectors in which AJL operates often contain penalty clauses and contractual disputes can potentially have a material adverse effect on AJL; and
• some projects depend on contractual rights to access sites owned or controlled by others and contractual disputes and other incidents affecting such access can cause disruption to AJL's operations.
• a risk that the obligations of the Company pursuant to applicable laws and regulations and requirements of customers may become more complex and stringent, or become the subject of increasingly strict interpretation or enforcement. The terms of licences and contracts may also include more stringent requirements than those provided for pursuant to applicable laws and regulations. Failure to comply with applicable requirements or recognised standards may giverise to significant liabilities being incurred by the Company, reputational and brand damage, loss of customer contracts, suspension of operations and increased costs.
• The Company operates in an industry where contract operations are vulnerable to the risk of interruption as a result of a variety of factors, many of which are beyond AJL's control. These factors include (but are not limited to): environmental issues, including inclement weather, which may delay contract performance or result in a complete shutdown of a project; extreme weather events such as cyclones, heavy rainfall, floods or fire; otherwise unstable weather conditions; unstable ground surfaces at drilling sites; regulatory intervention; delays in necessary approvals and permits; supply bottlenecks or a scarcity of materials and equipment; equipment breakdowns or unavailability due to scheduled maintenance; industrial relations issues (including potential labour shortages; variations to the nature or extent of contracted work; and an inability to access a customer's site for any other reason. The manifestation of any such factors could adversely affect the Company's operations, productivity and/or ability to engage in contracted drilling for its customers and may also cause a deferral or prevent receipt of anticipated revenues and/or result in AJL incurring additional costs.
Such issues may ultimately have an adverse effect on the financial performance and/or financial position of the Company</td></tr>
<tr><td>Resources sector risks</td><td>AJL's Australian drilling division provides drilling rigs and drilling services to customers who extract and transport natural resources for sale, principally metallurgical and thermal coal. The demand for these resources may be adversely affected by downturns in economic activity, competition from alternative sources of energy, technological developments in energy efficiency, changes in consumer behaviour, political conditions, policy shifts towards lower carbon emissions and other environmental concerns, changes to competition policy, changes in mining production, price of coal and a large number of other factors outside the control of AJL. Commodity prices fluctuate widely and are affected by numerous factors beyond the Company's control, including the sale and purchase of coal by various institutions, interest rates, exchange rates, inflation or deflation, fluctuation of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major metals-producing countries throughout the world. A fall in demand for the products of AJL's customers may reduce or delay levels of production, exploration and construction activity which may potentially have a material adverse effect on the levels of work that contractors such as AJL are able to win and may lead to decline in demand of works under existing contracts. This may adversely affect the profitability, financial performance and prospects of AJL. It is possible that the effects of any change of the kind described in this risk factor may be felt suddenly or immediately by the Company because, consistent with industry practice, its customer contracts are typically terminable at the discretion of the customer at any time.</td></tr>
</table>

RISKS (CON'T)

LUCAS

B. Lucas Drilling Services and the markets in which it operates (continued)

Project delays	a) Delays to the commencement or completion of work on projects by AJL clients and or the Company have occurred from time to time and may occur in the future due to a variety of reasons, including but not limited to general market down-turns, reductions in commodity prices, commercial factors, client delays, changes in client mine programs, changes in scope of work, government restrictions, legal issues, supply of labour, scarcity of quality materials and equipment, lower than expected productivity levels, accidents, natural disasters, inclement weather conditions, land contamination, regulatory intervention, delays in necessary approvals, difficult site access and industrial relations issues. This may adversely affect the profitability, financial performance and prospects of AJL. b) Delays may lead to cost increases, some or all of which may not be recoverable by AJL, and may also result in an obligation by AJL to pay compensation for late completion, often in the form of liquidated damages. Delays in the execution of projects may result in projects not achieving their forecast level of profitability which may adversely affect the financial performance and prospects of AJL.
Operating costs	There is a risk of unexpected increases in operating costs including labour, consumables (including fuel), insurance and maintenance which may have a materially adverse effect on the Company's operations, financial performance and financial position. For example, general inflationary pressure may increase the cost of operations and those additional costs may not be capable of being passed on to customers. Other cost increases may arise as a result of regulatory changes, for example through the increase or imposition of additional taxes.
Cost variation	a) AJL regularly enters into contracts for construction, drilling and services projects following a competitive tendering process. Certain services provided by AJL may be provided on a fixed price basis with limited entitlements to price adjustments. The amount AJL is entitled to as compensation for performing drilling services may be fixed for a particular activity, for example per meter drilled or per mobilisation to a new site, or may be fixed for delivery of a certain project. Failure by AJL to properly assess and manage project risks may result in cost overruns which could cause the project to be less profitable than expected or loss making. If any of the above were to occur, there may be an adverse impact on AJL's future financial performance and financial position. b) Further, in some contracts, AJL assumes the risk that sub-contractors do not perform to their contracts. Although replacement sub-contractors can generally be appointed quickly, there is no assurance that their price will be the same as or lower than the original sub-contractor.
COVID-19	The Company's capacity to provide drilling services to its customers and to administer its business operations has been adversely impacted by the Coronavirus pandemic (COVID-19), including for the following reasons: State and Federal Governments have imposed mobility restrictions which have, and may continue to have, an effect on the ability of some of the Company's employees to travel from their place of residence to their place of work, including to the sites at which they service AJL customers. State and Federal Governments have imposed physical-distancing restrictions which have, and may continue to have, an effect on the manner in which the Company conducts its operations. Certain of the Company's customers have placed restrictions on access to project sites at which AJL provides its drilling services. While AJL has taken steps to mitigate the financial and operational effects of these impacts on its business, there is a risk that one or more of these impacts will persist or other impacts will emerge, in each case, potentially resulting in a reduction in revenue or an increase in costs. Given this, the impact of COVID-19 could potentially be materially adverse to the Company's financial and/or operational performance. Further, any additional government or industry measures (including of the kind outlined above) may adversely affect AJL's operations and may be beyond its control.
Unapproved contract variation	a) In the ordinary course of business, AJL may submit a variation claim in relation to ongoing or completed projects in support of work that is out of scope from the original contract. Such a variation claim may involve negotiations with contractual counterparties. b) To the extent that AJL recovers less than expected on the variations, its financial performance may be materially adversely impacted.

RISKS (CON'T)

LUCAS

B. Lucas Drilling Services and the markets in which it operates (continued)

Natural disasters and seasonal weather conditions	Some of the areas in which AJL has operations, particularly its drilling operations in Queensland, may be adversely affected by seasonal weather conditions. AJL is seeking to incorporate, and in some cases has incorporated capped wet weather standby payments to mitigate risks associated with short term wet weather events. The impact (directly or indirectly) of extended wet weather events are beyond AJL's control which may adversely impact AJL's operational and financial performance.
Availability of skilled employees, equipment and resources	AJL operates in sectors which are technically demanding and utilises a range of specialised equipment. To operate effectively, the business needs to continue to source and commission new equipment as well as recruit, train and retain skilled employees to operate the specialised equipment. The Company requires access to sufficient capital to fund the maintenance and replacement of its existing fleet of rigs, plant and equipment and any future expansion of its fleet. A failure or inability to obtain sufficient capital on favourable terms may hinder the Company's ability to maintain and/or expand its fleet and reduce the Company's competitiveness. The operating and financial performance of that division is reliant on adequate capital investment. AJL's capital expenditure requirements may impact the cash flow available to service financing obligations and pay dividends. Incurred capital expenditure may or may not deliver the expected operational benefits and may have a material adverse effect on AJL. The availability or supply of skilled personnel and the necessary equipment can be relevant to AJL's future financial performance and growth. The drilling industry in which AJL operates is capital intensive and undertakes projects for customers in remote locations. Undertaking projects in remote locations exposes the Company to an increased risk of a shortage of skilled and general labour and potentially increased costs which may or may not be able to be passed on through rate increases.
Reputation and goodwill	There is significant goodwill vested in the company which may be adversely affected in a number of circumstances, including disruptions to, or a diminution in, AJL's capacity to service its clients' requirements, customer dissatisfaction including due to poor operational performance, major breaches of workplace health and safety, accidents, environmental incidents, disputes or litigation with third parties such as regulatory bodies, employees, suppliers, customers or others with whom the Company has business dealings. Where such circumstances become known in its markets, there is a risk that AJL's goodwill, brand or reputation may be damaged and could have a material adverse effect on customer loyalty, relationships with suppliers, employee retention rates, demand for any AJL's services and reputation as a reliable and safe service provider. In addition, as with any listed company, AJL's share price may be affected by market sentiment.
Labour claims, disputes	If any material disputes were to arise between AJL and its employees or sub-contractors, there would be potential for disruption to the operations of AJL. Any disruption may increase labour costs and availability and adversely impact revenue and profitability. The Company receives claims for alleged unfair dismissal, underpayment or incorrect treatment of employee entitlements which are investigated and predominantly unfounded. However, the Company may receive claims in the future which may be found against the Company and result in additional obligations and or liabilities which have a material impact on the Company from a failure to comply with relevant laws and regulations.
Occupational health and safety	AJL's operations are subject to a wide variety of stringent and complex laws, regulations and permit requirements, many of which relate to the protection of human health, safety and the environment. The laws and regulations exist at the local, state, national and supranational levels. AJL manages risks associated with the occupational health and safety of its employees, sub-contractors and others. It is possible for incidents resulting in injuries to occur which may result in expenses which are not covered by insurance or which are in excess of the amount insured or provided for, with a resultant impact on AJL's earnings.
Counterparty (client) payment risk	In the ordinary course of business, AJL extends credit terms and relies on its clients for payments. Should a client enter financial distress or become insolvent, AJL may not be paid for work completed. Should a project cease mid-construction, AJL may find itself with an unexpected under-employed workforce to manage. Preliminary works on some projects are commenced prior to formal contracts being signed.

RISKS (CON'T)

C. Other operational, financial and business risks

Debt facilities	a) The terms of the AJL's borrowing facilities include a number of events of default, including non-payment of any amount due under the facility and breach of financial covenants, which, if triggered, could require AJL to cure the event of default. If no cure is undertaken by AJL, AJL could be required to repay the outstanding commitments under the facility on demand from the lenders. b) The Company's ability to service its debt will continue to depend on its future performance, which may be affected by many factors, some of which may be beyond AJL's control and that of the Directors. c) The Group's Senior Syndicated facility and Junior Loan notes mature in April 2023, and the loans from related party mature in October 2023. The Group has engaged an external consultant to assist the Group with identifying a refinancing package that is the most appropriate for the Groups circumstances. In consultation with the consultant and existing financiers, the Board is in the process of assessing its financial options and while it has confidence it will either roll over or refinance the existing debt obligation well before April 2023 there is no guarantee it will be able to do so. d) If AJL is unable to repay or refinance its debt facilities upon maturity or in the event of a breach of covenant, AJL may have to seek further equity, dispose of assets or enter into new debt facilities on less favourable terms. These factors could materially adversely affect AJL's ability to operate its business and to fund capital expenditure and could materially adversely affect the financial performance of AJL. In such circumstances there is no guarantee that AJL will be able to refinance AJL's debt or obtain terms consistent with its current debt facilities.
Environmental	a) Environmental laws and regulations in Australia and abroad can affect the operations of businesses, including AJL and entities in which it has an interest. These regulations provide penalties and other remedies for any violation of laws and regulations and, in certain circumstances, impose obligations to undertake remedial action. In common with other businesses in the energy and resources sectors, there is a risk that significant damages or penalties might be imposed on AJL or an entity in which it has an interest, including for certain discharges into the environment, effects on employees, sub-contractors and customers or as clean up costs. b) Private entities, including the owners of properties upon which AJL's wells (or the operations of an entity in which AJL has an interest) are drilled and facilities where AJL's waste materials are taken for reclamation or disposal, may have the right to pursue legal actions to enforce compliance as well as to seek damages for non-compliance with environmental laws and regulations or for personal injury or property damage. In addition, the risk of accidental spills or releases of gas or hazardous materials could expose AJL to significant liabilities. Any significant increase in the costs of compliance with, or the liabilities and costs associated with any failure to comply with, environmental and operational safety laws and regulations could have a material adverse effect on AJL's business, prospects, and financial condition.
Currency / foreign exchange risk	A substantial proportion of AJL's sales revenue, expenditures and cash flows are generated in Australian dollars. AJL may from time to time purchase materials, plant and equipment used in its Australian Operations in foreign currencies, predominantly US dollars. AJL incurs expenditure associated with its UK operations, including any future exploration activities that may be undertaken, in GBP and USD. AJL is exposed to foreign currencies on such purchases and expenditure. In addition, its related party debt facility is denominated in USD. Any adverse exchange rate fluctuations or volatility in such foreign currencies could have an adverse effect on AJL's ability to continue to fund its UK operations and/or repay its debt which could adversely impact its future financial performance and position.

RISKS (CON'T)

LUCAS

C. Other operational, financial and business risks

Climate change	Environmental laws are evolving and, as the world is becoming increasingly aware of the impact of climate change, the State and Federal governments in jurisdictions where the Company operates may introduce regulatory changes in response to the potential impact of climate change. Legislation, regulation or other requirements imposed by governmental authorities could result in increased obligations on, and costs for, the Company. Such policy changes could also increase the costs of providing services for clients and influence clients' decisions whether to conduct mineral exploration, development and production. In addition, the potential impacts of climate change, such as extreme weather conditions, natural disasters, resource shortages, changing sea levels and changing temperatures, could affect the Company's operations and adversely affect the business or financial performance of the Company.
General economic, financial and business conditions	The operating and financial performance of the Company is influenced by a variety of international and country-specific general economic, financial and business conditions (including inflation, interest rates and exchange rates), access to debt and capital markets, as well as monetary and regulatory policies. Global economic conditions, in particular economic conditions of countries such as the United States and China, influence activities in mineral exploration and the mining industry, which in turn has an effect on the demand for the drilling services provided by the Company. A deterioration in domestic or international general economic conditions, including an increase in interest rates or a decrease in consumer or business demand, could have an adverse effect on the Company's business, financial performance and financial position.
Cybersecurity	The Company is potentially exposed to risks ranging from uncoordinated individual attempts to gain unauthorised access to its information technology systems, to sophisticated attempts targeted at the Company and its clients. Internal human error can also be a contributing factor. Any such disruptions or the failure of the systems to operate as expected could, depending on the magnitude of the problem, result in the loss of client information, the loss of current or future business, reputational harm and/or potential claims against the Company, all of which could have an adverse effect on the Company's business, financial performance and position, results of operations and prospects. Although sensitive information is not core to the Company's business, the Company continues to enhance its efforts to mitigate cybersecurity risks by investing in security initiatives to better identify and address vulnerabilities including periodic third-party vulnerability assessments, testing user knowledge of cybersecurity best practices, and audits of security processes and procedures. In addition, the Company continues to increase the employees' awareness of security policies through ongoing communications.
Force majeure events	Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of AJL, or the price of the Shares. These events include, but are not limited to, terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for AJL's products and service.
Future funding	While the Directors believe that the Company will have sufficient funds to fund its activities in the short-term, the Company is operating in dynamic industries and there is the risk that the Company may need additional debt or equity funding. There can be no guarantee that such funding will be available to the Company on reasonable terms or at all. Any such failure to obtain funding on reasonable terms may result in a loss of business opportunity and/or excessive funding costs, including dilution to Shareholders if equity funding is pursued.
Regulatory environment	The industry in which the Company operates is regulated by the various State and Federal governments. To the extent that the Company fails to comply with relevant laws and regulations, it could be subject to monetary fines, suspension of operations or other penalties. Changes to the way in which the industry is regulated could also adversely affect the business or financial performance of the Company.

RISKS (CON'T)

LUCAS

C. Other operational, financial and business risks (continued)

Reliance on Key Personnel	Like other companies, AJL's performance is dependent on the ability of its senior executives and key personnel to manage and grow its business and respond to customers' needs. The loss of the services of its senior executives or key personnel, or a loss of the ability to continue to attract and retain qualified and competent employees, could have a material adverse effect on AJL's operations and financial results. Continuity and retention of staff is important for customer retention and ongoing customer negotiations. A change of staff or resourcing issues could affect ongoing relationships with various parties connected to AJL.
Litigation and legal risks	Litigation risks to AJL include, but are not limited to, claims from various parties, including employees, suppliers, customers and other contractual counterparties, government and special interest groups, as well as claims in relation to environmental matters, accidents and other commercial matters. To the extent that such risks are not covered by insurance, then any of an adverse outcome in litigation, the cost of responding to potential, threatened or actual litigation, or the disruptive effect of disputes may have a material adverse impact on the financial performance of AJL.
Insurance risks	Insured or uninsured catastrophic events such as acts of God, fires, floods, pandemics and strikes may affect customer contract and demand for drilling services, the availability of the Company's drilling fleet and the ability of the Company to sustain its operations, generate revenue and recover operating costs. Some events, including but not limited to those identified above, are not insurable, or the Company has chosen not to insure against them. If the Company's drilling fleet or business is damaged as a result of an uninsured event, the Company's financial position and financial condition may be adversely affected. The Company's insurance policies are also subject to certain limitations, and there is a risk that an insured event could cause a loss materially in excess of the applicable policy limits, or that insurers do not have the resources to respond to the applicable policy. There is also a risk that the Company is unable to secure insurance to satisfactorily cover all anticipated risks or that the cost of insurance will increase beyond anticipated levels. Accordingly, the Company could be adversely impacted by increases in the cost of insurance premiums or an inability to access insurance coverage arising from circumstances that might or might not be related to the business of the Company. Any of these factors, including if an insurer defaults in payment of a legitimate claim by the Company under an insurance policy, could have an adverse impact on the Company's financial performance and/or position
Carrying value of investments in Cuadrilla and UK licences	AJ Lucas's investments in UK licences are held through the Group's explorations assets. AJ Lucas has an accounting and impairment policy of reviewing non-financial assets at a minimum at each balance date (half year and full year) to determine whether there is any indication of impairment and if any such indication exists, the estimate of the asset's recoverable amount. These reviews are undertaken using the relevant accounting standards, applying AASB6 Exploration for and Evaluation of Mineral Resources and AASB 136 Impairment of Assets for the respective assets. The next review will be finalised as part of the 31 December 2022 half year financial close.
ASX quarterly reporting	The Company issued its 2022 Annual Report, including its audited financial statements for the year ended 30 June 2022, on 30 August 2022. The Independent Auditor's Report included a paragraph titled "material uncertainty related to going concern" and drew attention to Note 2 (c) of the financial statements which describes conditions and other matters which indicate a material uncertainty that may cast significant doubt about the Groups ability to continue as a going concern. Pursuant to listing rules 4.7B and 4.7C, and in accordance with a request from the ASX, AJL will commence reporting an Appendix 4c quarterly cash flow and quarterly activity report, commencing from the quarter ended 30 September 2022 which is due to lodgment with the ASX by 31 October 2022. AJL will continue quarterly reporting thereafter until it is notified otherwise by the ASX.

RISKS (CON'T)

LUCAS

D. Risks relating to investing in the New Shares

Market conditions	The market price of shares can fall, as well as rise, and may be subject to varied and unpredictable influences. Neither AJL nor the Directors warrant the future performance of either the New Shares, AJL or any return on an investment in AJL.
Economic factors	The Company is subject to general market risk that is inherent in all securities listed and traded on a securities exchange. This may result in fluctuations in the Share price that are not explained by the fundamental operations and activities of the Company. Factors affecting the price of Shares quoted on the ASX could include but are not limited to: the number of potential buyers or sellers of Shares on the ASX at any given time; fluctuations in the domestic and international markets for listed stocks; general economic conditions including the unemployment rate, interest rates, inflation rates, exchange rates, commodity and oil prices, and changes to government fiscal, monetary or regulatory policies, legislation or regulation; recommendations by brokers or research analysts; inclusion in, or removal from, market indices; global hostilities, tensions or acts of terrorism; the nature of the markets in which the Company operates; and general operational and business risks. These factors may cause Shares to trade at prices below the price at which New Shares are being offered under this Offer. There is no assurance that the price of New Shares will increase following the quotation on the ASX, even if the Company's earnings increase. General economic conditions (both domestically and internationally) may adversely impact on the price of the Shares after Listing as well as the Company's ability to pay dividends. This includes an increase in unemployment rates, negative consumer and business sentiment and changes in interest rates, among other factors. As a result of the above-mentioned factors, the Company is unable to forecast the market price for Shares and they may trade on the ASX at a price that is below the Offer Price.
Liquidity	a) There can be no guarantee that an active market in AJL's shares on ASX will exist at all times. There may be relatively few or many potential buyers or sellers of AJL's shares on the ASX at any given time. This may increase the volatility of the market price. It may also affect the market price at which shareholders are able to sell their shares. This may result in shareholders receiving a market price for shares that is less or more than the Offer Price for New Shares. b) Liquidity in AJL shares has typically been low and there can be no assurance that liquidity will improve. c) In the future, the Company may elect to issue Shares or other securities to raise proceeds for any other reason. While the Company will be subject to the constraints of the ASX Listing Rules and the Corporations Act, Shareholder interests may be diluted, and Shareholders may experience a loss in value of their equity as a result of such issues of Shares and fundraisings.
Future issue of securities of AJL	It is possible that AJL may require further financing in addition to the amounts raised under the Offer. Any additional equity financing may dilute shareholdings, and any debt financing, if available, may involve restrictions on financing and operating activities. Any inability to obtain additional finance, if required, could have a material adverse effect on AJL's operations and its financial condition and performance.
Dividends, distributions and franking credits	The payment of dividends by the Company is determined by the Board from time to time at its discretion subject to compliance with loan agreements, legislative requirements and other factors, including, financial performance and profits derived from operations. There is no assurance that the Company will pay dividends or that there will be franking credits attaching to any dividends paid. In addition, circumstances may arise where the Board may determine that the Company will reduce or cease paying dividends for a period of time.

APPENDIX 4

SELLING RESTRICTIONS

International Offer Restrictions

This document does not constitute an offer new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold in the Offer, in any country outside Australia except to the extent permitted below

Cayman Islands

No offer or invitation to subscribe for New Shares may be made to the public in the Cayman Islands or in any manner that would constitute carrying on business in the Cayman Islands.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). Accordingly, this document may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (New Zealand) (the "FMC Act").

The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

SELLING RESTRICTIONS (CON'T)

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the "SFA") or another exemption under the SFA.

This document has been given to you on the basis that you are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire such securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

These securities may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.