

28 October 2022

UK Government reimposes moratorium on hydraulic fracturing

AJ Lucas Group Limited (ASX: AJL) notes that, further to information in its announcement on 27 October 2022, the UK Secretary of State for Business, Energy and Industrial Strategy issued a written ministerial statement reimposing the moratorium. A copy of a media release by AJL's subsidiary, Cuadrilla Resources, on the matter is attached for further information.

This announcement has been authorised for lodgement by Andrew Purcell, Chairman on behalf of the Board.

ENDS

For further information, please contact:

AJ Lucas Group Limited +61 (0)7 3363 7333

Andrew Purcell Chairman

Marcin Swierkowski Company Secretary



UK GOVERNMENT REIMPOSES MORATORIUM ON HYDRAULIC FRACTURING IN ENGLAND

In response to today's written ministerial statement (WMS) reinstating the moratorium on hydraulic fracturing, that the Government itself had officially lifted a little over one month ago, Cuadrilla CEO Francis Egan said:

"In the middle of an energy and cost of living crisis, when the UK and Europe is increasingly reliant on shale gas shipped across the Atlantic and liquified gas from Qatar to keep the lights on, it beggars belief that our government should reintroduce a moratorium on exploring for and producing our own shale gas.

This new Government is turning its back on an industry that has the potential to create tens of thousands of jobs across the North of England, generate billions in private sector investment, and provide local councils with much-needed tax revenue.

The industry has recently unveiled a community dividend package worth hundreds of millions of pounds per producing shale gas site. This is money which would go directly towards helping local households and families, yet today's announcement will prevent red wall communities benefitting from their own natural resources.

There is no rational scientific justification for this decision. The Prime Minister himself stated, whilst running for leadership of the Conservative Party, that scientists "*have concluded that fracking is safe and seismic activity is not out of the ordinary*". The Government's own expert scientific report published in September 2022 by the British Geological Survey (BGS) concluded that: "*Induced seismicity has been observed in other industries related to underground energy production both in the UK and elsewhere..., consistent risk targets could be considered for all energy related industries that present a risk of induced earthquakes.*"

The BGS agrees that the same rules and standards should be applied to fracking as are currently applied to quarrying, geothermal and mining in the UK. Instead, the government has chosen to reintroduce a moratorium on fracking whilst allowing those other industries to continue (as indeed those industries should).

The last few months have highlighted the risks associated with ever increasing reliance on expensive, uncertain, and higher emission gas imports. Today's WMS cements that reliance in the face of what is acknowledged to be a significant ongoing requirement for gas out to at least 2050. North Sea gas production is in precipitous decline which may be slowed but cannot be stopped. By turning our back on our huge onshore gas resources, responsibility for this country's ongoing gas supply has been

transferred by politicians to the whims of dictators and the uncertainties of international supply lines and prices.

The consequences of outsourcing energy supply are all too apparent, it's a great shame that the political foresight and willpower to address this are currently lacking

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