

30 October 2025

QUARTERLY ACTIVITY REPORT – PERIOD ENDED 30 SEPTEMBER 2025

GROUP HIGHLIGHTS

- Revenue during the quarter was \$35.7 million, compared to \$38.3 million for the same period in the previous year and equivalent to 24.5% of that reported for the full year result to 30 June 2025.
- Australian Operations EBITDA for the quarter was \$7.9 million, compared to \$5.5 million for the same period in the previous year and equivalent to 41.5% of that reported for the full year result to 30 June 2025.
- Group EBITDA for the quarter of \$32.6 million included proceeds of \$25.9 million from a settlement of a dispute in the UK as announced on 12 August 2025. Group EBITDA for the quarter excluding the settlement was \$6.7 million, compared to \$4.7 million for the same period in the previous year and equivalent to 46.3% of that reported for the full year result to 30 June 2025.
- “Net cash generated in operating activities” amounted to \$30.2 million, primarily due to higher Group EBITDA, which includes UK settlement proceeds of \$25.9 million.

Australian Operations

The first quarter of the financial year has shown improvement, with reduced maintenance requirements and fewer wet weather incidents, despite the continued suspension of mining operations at two major client sites. Given these circumstances, the quarterly results represent a robust beginning to the year, and we remain optimistic about sustaining strong performance for FY26, subject to any unforeseen events.

UK Operations

On 12 August 2025, the Group’s UK subsidiary, Cuadrilla Resources Limited, along with other entities within the Group (collectively referred to as “Cuadrilla”), resolved a dispute regarding a carry agreement associated with certain UK shale gas exploration licences. As part of the settlement, the Group received a cash payment of £12.5 million (reflected in Item 1.8 of Appendix 4C). It was agreed in the settlement that the carry agreement has been terminated.

The moratorium on hydraulic fracturing remains in force and the company continues to progress a number of conventional gas opportunities on its onshore Licenses, which are unaffected by this moratorium.

REVIEW OF FINANCIAL CONDITION

Refer Appendix 4C attached.

RELATED PARTY PAYMENTS

Item 6 of the Appendix 4C cash flow report for the quarter includes payments to related parties of approximately \$1,406,000 which represents amounts paid to executive and non-executive directors and other key management personnel, including payments to tax authorities and superannuation for the financial period.

Note: The financial information presented in this document has not been audited or reviewed in accordance with Australian Auditing Standards.

This quarter includes payments associated with incentives which were accrued as disclosed in the 2025 Annual Report.

The amount does not include non-cash remuneration expenses such as leave accrued in accordance with employment laws.

SUBSEQUENT EVENTS, OUTLOOK & LIKELY DEVELOPMENTS

During October 2025, the Australian operations welcomed the addition of the new 100 tonne multi-purpose (lateral and vertical drilling) rig achieving American Petroleum Institute (“API”) standards along with automated safer hands-free pipe handling, AI safety features and remote-controlled operations. The rig has the capability to service steel making coal, coal seam gas, water markets and assist existing and new customers with broader carbon capture initiatives.

Further information on our capability is available at <https://www.lucas.com.au/next-gen-drilling>

The Australian operations have committed in financial year 2025 to two multi-purpose Exploration rigs, which feature enhanced safety measures such as hands-free pipe handling.

At quarter end the Group had cash and cash equivalents available of \$13.9 million, while having only \$14.9 million drawn under the \$50 million Senior Syndicated Facility. The Group is in discussion with lenders on the most appropriate and effective use of funds.

This announcement has been authorised for lodgment by the Board.

ENDS

For further information, please contact:

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Andrew Purcell Chairman

Marcin Swierkowski Company Secretary

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

AJ Lucas Group Limited

ABN

12 060 309 104

Quarter ended ("current quarter")

30 September 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	38,391	38,391
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(18,509)	(18,509)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(14,409)	(14,409)
(f) administration and corporate costs		
1.3 Dividends received (see note 3)		
1.4 Interest received	50	50
1.5 Interest and other costs of finance paid	(1,210)	(1,210)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (UK settlement)	25,892	25,892
1.9 Net cash from / (used in) operating activities	30,205	30,205
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(550)	(550)
(d) investments		
(e) intellectual property		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	(f) other non-current assets Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	637	637
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	87	87

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	26,074	26,074
3.6	Repayment of borrowings including leases	(45,543)	(45,543)
3.7	Transaction costs related to loans and borrowings	(775)	(775)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(20,244)	(20,244)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,866	3,866
4.2	Net cash from / (used in) operating activities (item 1.9 above)	30,205	30,205
4.3	Net cash from / (used in) investing activities (item 2.6 above)	87	87

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(20,244)	(20,244)
4.5	Effect of movement in exchange rates on cash held	(62)	(62)
4.6	Cash and cash equivalents at end of period	13,852	13,852

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	13,536	3,542
5.2	Call deposits	0	0
5.3	Bank overdrafts	0	0
5.4	Other (Cash in trust)	316	324
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	13,852	3,866

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	1,406
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	117,091	104,923
7.2 Credit standby arrangements	0	0
7.3 Other (Leases)	1,724	1,724
7.4 Total financing facilities	118,815	106,647
7.5 Unused financing facilities available at quarter end		12,168
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

Loan facilities

A breakdown of the Groups Interest Bearing loans and borrowings follows:

	Sep 2025 \$'000
Senior syndicated facility	13,245
Lease liabilities	1,724
Loans from related party	91,664
Other	14
	106,647

Note: The Group's Interest bearing liabilities are measured at amortised cost using the effective interest rate ("EIR"). Amortised cost is calculated by taking into account any discount on acquisition and fees or costs that are an Integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Senior syndicated facility

The Senior syndicated finance facility provided by Balmain, is a revolving asset-based loan. Originally drawn in October 2019, on 9 May 2025 this facility was increased to \$50m and the maturity was extended to May 2027. The facility can be drawn to an upper limit of \$50 million (previously \$35 million) subject to certain prescribed levels of Security Assets. At 30 September, the facility availability was undrawn by \$12.1 million.

As part of the most recent extension, the lending advance rates were temporarily increased for a nine-month period (the "stretch" period). Following the UK Settlement, in September 2025 amounts drawn under the stretch were repaid in full.

The facility is secured by a first ranking charge over the Group's assets including the Drilling Division's plant and equipment, billed receivables, and unbilled receivables represented by contract assets in the Statement of Financial Position (together the "Security Assets").

Interest is calculated on the daily balance outstanding at the bank bill swap rate plus a margin and is payable monthly in arrears. In line with increases in BBSY the applicable interest rate on the facility is 11.16% at September 2025 (June 2025: 11.90%).

While the Senior Syndicated facility matures in May 2027, however, it is classified as a current liability due to its revolving nature. Each repayment and subsequent drawing are separately disclosed in the Consolidated Statement of Cash Flow as Repayment of Borrowings and Proceeds from Borrowings, respectively.

The facility is subject to financial covenants have been complied with during the period.

Lease liability

The Group has lease contracts for various items of plant, machinery, vehicles and office space used in its operations.

Leases of plant and machinery generally have lease terms between 1 and 3 years, while motor vehicles have lease terms between 1 and 5 years. The Group's obligations under lease terms on office space are up to 10 years in respect of the Brisbane head office.

Loans from related party

The loan from Kerogen, a related party holding 56.67% of the Company's issued shares at 30 September 2025 (unchanged from June 2025), is denominated in US dollars.

On 9 May 2025, the facility was amended to extend its maturity to July 2027. As part of this amendment, the facility became subordinated to the Senior Syndicated Facility and the facility was restructured into two tranches.

Although the headline interest rate is 18% per annum, a cash interest rate of between 8% and 10% per annum applies if repayment is made prior to 31 January 2027, as detailed below:

Tranche	Principal	Accrued Interest	Total at 8 May 2025	Interest Rate (p.a.)	Cash Paid Interest (p.a)
1	25.0	9.1	34.1	18%-16%	8% – 9%
2	17.3	6.3	23.6	18%-17%	9% – 10%
Total	42.3	15.4	57.7		

Amounts in USD\$ million

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	30,205
8.2	Cash and cash equivalents at quarter end (item 4.6)	13,852
8.3	Unused finance facilities available at quarter end (item 7.5)	12,168
8.4	Total available funding (item 8.2 + item 8.3)	26,020
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 October 2025.....

Authorised by: By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.