

June 19, 2008



# Lucas Energy Announces Fiscal 2008 Year-End Results

## Reports Record Revenue and Cash Flow

HOUSTON, June 19, 2008 (PRIME NEWSWIRE) -- Lucas Energy, Inc. (AMEX:LEI), a U.S.-based independent oil and gas company, today announced financial results for the fiscal year ended March 31, 2008.

### Financial Highlights

- Revenue from oil and gas sales increased 136% to \$3,070,668 for the year ending March 31, 2008 from \$1,296,084 for the year ending March 31, 2007.
- Comprehensive net income rose 288% to \$1.25 million or \$0.13 per basic share outstanding (based on 9.3 million shares) compared to \$322,000, or \$0.05 per basic share outstanding (based on 7.0 million shares).
- Cash flow as measured by EBITDAS (a non-GAAP measure)\* for the full fiscal year increased to \$995,767, or \$0.11 per basic share, compared to \$829,982, or \$0.09 per basic share.
- Shareholders' equity increased 170% to \$20.1 million from \$7.4 million in the year-ago period.
- Completed a private placement that provided net proceeds of \$11.4 million during the second quarter of fiscal 2008 and used the funds to repay the \$2.3 million note payable, acquire oil and gas property and equipment, and begin drilling program.

### Operational Highlights

- Net value of oil and gas properties increased 92% from \$9,457,541 for the period ended March 31, 2007 to \$18,132,229 for the period ended March 31, 2008. The Company now has 11,274 net acres with 43 net wells.
- Oil production for the quarter ending March 31, 2008 was 17,710 BOEs (barrels of oil equivalent, gross) compared to 10,298 BOEs for the quarter ending March 31, 2007, an increase of 72%. Production in March 2008 hit an all-time monthly high of 7,618 BOEs compared to 3,437 BOEs produced in March 2007, for an increase of 121%.
- Announced that the drilling program at the Company's Cone-Dubose Unit No.1 well, the fifth well brought on line in a series of ten wells planned in the area, yielded an initial production rate of 100 barrels of oil per day (BOPD). Production has now stabilized at 40 BOPD.

- Acquired a majority of the working interest in the Hines Unit No.1 well in Gonzales County, Texas, a straight-hole completion in the Austin Chalk formation in a 160-acre unit south of the city of Gonzales County, Texas and is just west of the Lucas Energy Hagen Ranch No.3 well.
- G.G. Griffin No. 5 well, located south of Wrightsboro, Texas, in Gonzales County, commenced production on February 11, 2008. The well initially tested at 20 BOPD and 33 BWPD and has not yet been stimulated.
- Subsequent to the end of the year, entered into a contract with Houston Pipe Line, a division of ETC, a public energy company, to connect several of Lucas' key gas producing wells into a central metering point in Gonzales County, Texas.

## Corporate Milestones

- Annual reserve report updated by Forrest A. Garb & Associates, Dallas, for the period ended March 31, 2008 showed proved reserves of 1,797,230 barrels of oil, 64% of which is classified as Proved Undeveloped, and 96.01 MMcf of natural gas, all of which is classified as Proved Developed Producing. These reserves have a PV-10 of \$90,135,530.
- Named the fastest-growing company in the Oil & Gas Journal 200 group for the third quarter, 2007, based on its 153% increase in stockholders' equity to \$19 million in the third quarter 2007 from \$7.5 million at March 31, 2007.
- Moved off bulletin board and commenced trading on American Stock Exchange on February 12, 2008.

For the year ended March 31, 2008, net income was \$22,602 compared to \$322,128 for the full year ended March 31, 2007, primarily due to the increase in operating expenses that occurred in the fourth fiscal quarter 2008. Comprehensive net income was \$1.25 million or \$0.13 per basic compared to \$322,000, or \$0.05 per basic share outstanding. The increase in comprehensive net income was primarily due to the recording of a non-cash gain of \$1.2 million on marketable securities.

\* In addition to reporting financial results in accordance with generally accepted accounting principles, or GAAP, Lucas Energy uses EBITDAS, a non-GAAP measure of operating income (loss), net income (loss) and income (loss) per share, which are adjustments from results based on GAAP to exclude Depreciation and Amortization, Interest expense/income, Taxes and Stock options expenses, as reconciled in the financial statements below. The presentation of this non-GAAP financial information is not intended to be considered in isolation or as a substitute for results prepared in accordance with GAAP. Management uses both GAAP and non-GAAP information in evaluating and operating business internally and as such deemed it important to provide all this information to investors.)

## Operating Expenses:

- Lease operating expenses increased from \$337,162 for fiscal year 2007 to \$727,968 for fiscal year 2008. This increase is

due to an increase in the number of producing wells.

- Depreciation and depletion, a non-cash expense, increased from \$153,903 for fiscal year 2007 to \$697,599 for fiscal year 2008. This increase is due to the significant increase in the number of producing wells along with increases in production rates.
- General and administrative expenses increased from \$184,237 for the period ending March 31, 2007 to \$1,597,412 for the period ending March 31, 2008 principally due to a \$653,000 increase in salaries reflecting a growth in staff, \$290,000 in legal and professional fees associated with the listing on the American Stock Exchange and Sarbannes-Oxley compliance costs.

## Management Comments

James J. Cerna, Chief Executive Officer of Lucas Energy, said: "Our results reflect an impressive year of financial and operational achievements. Our production and resulting revenues continued to accelerate in the fourth quarter and resulted in a strong finish to fiscal 2008. We achieved a record increase in production and benefited from continued increases in commodity prices. Operating as a public company, we invested in building the appropriate infrastructure to support our future growth, which resulted in significant increases to our operating costs, many of which are non-recurring costs. Our balance sheet improvement was due in part to the successful equity raise allowing us to repay all our debt. We used the remaining portion of the proceeds to acquire key strategic properties, and today we sit with 11,274 net acres with 43 net wells and a portfolio of producing oil and gas assets with a reserve valuation of \$90 million."

Mr. Cerna concluded, "We had a very exciting and productive first year as a public company. Beyond the financial and operating metrics we also achieved a listing of our common shares on the American Stock Exchange, received recognition by the Oil & Gas Journal, a top energy industry trade publication, as one of its 50 fastest growing oil and gas companies, and we began a program to introduce our company to the investment community. We believe that the stage is set for continued growth in fiscal year 2009."

## About Lucas Energy, Inc.

Lucas Energy, Inc. is an independent crude oil and gas company building a diversified portfolio of valuable oil and gas assets in the United States. The company is focused on identifying underperforming oil and gas assets, which are revitalized through a meticulous process of evaluation, application of modern well technology, and stringent management controls. This process allows the company to increase its reserve base and cash flow while significantly reducing the risk of traditional exploration projects. The Company's headquarters are located at 3000 Richmond Avenue, Suite 400, Houston, Texas 77098.

The Lucas Energy logo is available at <http://www.primenewswire.com/newsroom/prs/?pkgid=4192>

## Forward-Looking Statement

This Press Release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Act of 1934. A

statement identified by the words "expects," "projects," "plans," "feels," "anticipates" and certain of the other foregoing statements may be deemed "forward-looking statements." Although Lucas Energy believes that the expectations reflected in such forward-looking statements are reasonable, these statements involve risks and uncertainties that may cause actual future activities and results to be materially different from those suggested or described in this press release. These include risks inherent in the drilling of oil and natural gas wells, including risks of fire, explosion, blowout, pipe failure, casing collapse, unusual or unexpected formation pressures, environmental hazards, and other operating and production risks inherent in oil and natural gas drilling and production activities, which may temporarily or permanently reduce production or cause initial production or test results to not be indicative of future well performance or delay the timing of sales or completion of drilling operations; risks with respect to oil and natural gas prices, a material decline in which could cause the Company to delay or suspend planned drilling operations or reduce production levels; and risks relating to the availability of capital to fund drilling operations that can be adversely affected by adverse drilling results, production declines and declines in oil and gas prices and other risk factors. The complete filing is available at <http://www.sec.gov>

LUCAS ENERGY, INC.  
Consolidated Balance Sheets  
For the Years Ended March 31, 2008 and 2007

	March 31, 2008	March 31, 2007
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CURRENT ASSETS		
Cash	\$ 1,142,386	\$ 710,018
Marketable securities	2,388,355	--
Oil and gas receivable	559,886	131,485
Other current assets	38,849	70,823
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TOTAL CURRENT ASSETS	4,129,476	912,326
 OIL AND GAS PROPERTIES, FULL COST METHOD		
Properties subject to amortization	18,978,699	9,623,745
Accumulated depletion	(846,470)	(166,204)
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OIL AND GAS PROPERTIES, NET	18,132,229	9,457,541
 Fixed assets, net of accumulated depreciation of \$363 and \$0, respectively		
	2,255	--
Other assets	51,766	56,123
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TOTAL ASSETS	<u>\$22,315,726</u>	<u>\$10,425,990</u>
 CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,174,737	\$ 386,004
Accrued interest payable	--	52,766

TOTAL CURRENT LIABILITIES	1,174,737	438,770
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NON-CURRENT LIABILITIES

Note payable	--	2,300,000
Asset retirement obligation	141,512	111,022
Deferred tax liabilities	834,126	132,185

TOTAL LIABILITIES	2,150,375	2,981,977
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STOCKHOLDERS' EQUITY

Preferred stock, 10,000,000 shares authorized of \$0.001 par value, no shares issued and outstanding	--	--
Common stock, 100,000,000 shares authorized of \$0.001 par value, 10,246,156 and 7,448,107 shares issued and outstanding, respectively	10,246	7,448
Additional paid-in capital	18,518,806	7,052,121
Retained earnings	407,046	384,444
Accumulated other comprehensive income	1,229,253	--

TOTAL STOCKHOLDERS' EQUITY	20,165,351	7,444,013
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$22,315,726	\$10,425,990
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Lucas Energy, Inc.  
Consolidated Statements of Operations  
For the Years Ended March 31, 2008 and 2007

	For the	For the
	Year Ended	Year Ended
	March 31,	March 31,
	2008	2007

REVENUES

Oil and gas revenues	\$ 3,070,668	\$ 1,296,084
Consulting income	10,000	34,000

Total Revenues	3,080,668	1,330,084
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EXPENSES

Lease operating expenses	727,968	337,162
Depreciation, depletion, and amortization	697,599	153,903
General and administrative	1,597,412	184,237

Total Expenses	3,022,979	675,302
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INCOME FROM OPERATIONS	57,689	654,782
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OTHER INCOME (EXPENSES)

Interest income	135,479	17,297
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Interest expense	(101,877)	(222,611)
Total Other Income (Expenses)	33,602	(205,314)
NET INCOME BEFORE INCOME TAXES	91,291	449,468
INCOME TAX EXPENSE	68,689	127,340
NET INCOME	\$ 22,602	\$ 322,128

UNREALIZED HOLDING GAIN ON MARKETABLE EQUITY SECURITIES, NET OF TAX	1,229,253	--
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COMPREHENSIVE INCOME	\$ 1,251,855	\$ 322,128
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INCOME PER SHARE:

BASIC	\$ 0.00	\$ 0.05
DILUTED	\$ 0.00	\$ 0.05

WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:

BASIC	9,313,674	6,996,041
DILUTED	11,177,515	6,996,041

EBITDAS RECONCILIATION TABLE

	Twelve months ended 3/31/08	Twelve months ended 3/31/07
GAAP Net Income	22,602	322,128
Stock Option Expense	105,000	
Interest Expense	101,877	222,611
Taxes	68,689	127,340
D,D, &A	697,599	153,903
EBITDAS	995,767	829,982
EBITDA/Basic Share	\$0.11	\$0.09

OIL AND GAS PRODUCTION

Year ended	Amount	%
March 31,	Increase/	Increase/
2008	(Decrease)	(Decrease)
2007		

Oil (barrels) net of royalty	36,728	21,502	15,226	71%
Natural gas (thousand cubic feet)	1,712	2,310	(598)	(26%)
Total (barrels oil equivalent)	37,013	21,887	15,126	69%

Oil (barrels per day)	100	59	41	69%
Natural gas (thousand cubic feet per day)	5	6	(1)	(17%)

Total (barrels oil equivalent per day)	101	60	41	68%
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Average Sales Price:

Oil (per barrel)	\$ 86.46	\$ 59.68	\$ 23.78	40%
Natural gas (per thousand cubic feet)	\$ 6.06	\$ 6.03	\$ 0.03	1%

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