

August 14, 2013



# Lucas Energy Announces Fiscal 2014 First Quarter Financial Results

## Company Enters into Loan Agreement

HOUSTON, Aug. 14, 2013 /PRNewswire/ -- Lucas Energy, Inc. (NYSE MKT: LEI) ("Lucas" or the "Company"), an independent oil and gas company with its main operations in Texas, today announced its fiscal 2014 first quarter results for the period ending June 30, 2013 and the filing of its Form 10-Q Quarterly. The Company also entered into a \$7.5 million loan ("Loan Agreement") with a third party signaling a growing confidence in the Company's prospects as well as management's direction of the Company over the last eight months.

Anthony C. Schnur, Lucas Energy's Chief Executive Officer, stated, "The recent quarterly results are reflective of the last of our clean-up efforts to position the Company for growth and our undertaking of an extensive technical reassessment of our assets and opportunities. We now intend to initiate the development of our lower-cost opportunities while moving toward higher-producing development targets. To finance this 'grow-into-growth' strategy, we plan to take a methodical approach to obtaining capital and developing our reserves, which may result in additional financings such as the recent loan agreement or other capital vehicles. We are thankful to Robertson Global Capital, LLC for facilitating the loan agreement, as well as to Meridian Circle Advisors, a division of Axiom Capital for their advisory role in the transaction."

With the infusion of new capital in place, Lucas will be able to enhance production through low-cost well clean-outs and other work overs. Further, the Company is taking the necessary planning and pre-drilling steps to prepare to extend laterals from existing wells in the Austin Chalk as well as to deepen existing Buda wells to the Glen Rose formation in the second half of its fiscal 2014 year.

"We are pleased with our progress to date," continued Mr. Schnur. "The final step in the five goals outlined in December was to solidify our capital position and long-term development strategy. The credit facility announced today, in conjunction with our 'grow into growth' strategy that we are adopting, largely ends the restructuring and redirecting of the Company and now clearly defines Lucas Energy as a vehicle for growth through the drill bit. 'Grow into growth' is simply an expression we have internally to convey a strategy under which we will utilize the funding available to first conduct low-cost, yet low-impact, operations to build additional cash flow. As those items are completed, we will turn our attention and dollars to higher-cost drilling projects – which will still be somewhat inexpensive as compared to a \$7 million Eagleford well. These activities would include the new laterals and the deepenings mentioned above, adding significantly to cash flow

and assisting in bolstering our financial position, and we anticipate reducing our overall cost of capital on a go forward basis. From a position of relative strength, the Company can then entertain larger drilling projects. We have already begun to implement this strategy and will make every effort to grow into full development mode through the second half of our fiscal year.

"Additionally, management has made significant progress in lowering operating and administrative expenses. And, while they were in line with expectations during the quarter, our G&A expenses would have been even lower had we not had undergone the extensive technical reassessment of our reserve base in June and incurred lingering one time charges from our recent transition. The ultimate goal is, and will continue to be, the maximizing of shareholder value through increased production, and growing reserves while maintaining disciplined oversight of costs," concluded Mr. Schnur.

### **Fiscal 2014 First Quarter Results**

For the fiscal 2014 first quarter, Lucas reported a net loss of \$0.9 million, or (\$0.04) loss per diluted share, a 51% improvement over the net loss of \$1.9 million, or (\$0.09) loss per diluted share, in the fiscal 2013 first quarter, however an increase from the net loss of \$0.6 million or (\$0.02) per share in the fiscal 2013 fourth quarter. The year over year quarterly decrease in net loss was primarily related to lower general and administration, lease operating and depreciation, depletion and amortization expenses.

Net operating revenues in the fiscal 2014 first quarter were \$1.5 million, of which all were derived from crude oil sales, down approximately 14 % from the \$1.7 million net operating revenues in the same period last year and down 21% from the 2013 fiscal fourth quarter.

The decline in revenues during the quarter was partially related to the assignment of certain properties to Nordic Oil in the fourth quarter of fiscal 2013 as well as a lack of development activity experienced through the transitional period.

Overall expenses in the fiscal 2014 first quarter fell dramatically from the fiscal 2013 first quarter as a result of continued cost cutting initiatives and improved operating efficiencies. General and administrative (G&A) expenses of \$1.1 million for the quarter were 24% less than G&A expense in the last year's first quarter of \$1.5 million but were 27% higher than in the fiscal 2013 fourth quarter. However, G&A expenses in the current quarter included a number of one-time expenses related to recruitment, financing, and severance expenses. Adjusting for these items, G&A would have been approximately \$0.9 million in the fiscal 2014 first quarter, which is in line with Company expectations. Lease operating expense decreased by 50% to \$0.5 million from last year's first quarter expense and by 31% from the 2013 fourth quarter expense.

Average production during the 2014 first quarter was 163 net barrels of oil equivalent per day (boe/d) compared to 213 net boe/d in the first quarter of last year and 196 net boe/d in the fourth quarter. Last year's fourth quarter results included production from the Baker Deforest unit that was sold in December 2012. Our exit rate at the end of June 2013 was production of 180 boe/d from 59 active wellbores, of which 18 wells accounted for more than 80% of production.

**LUCAS ENERGY INC.**  
**Selected Financial Data**  
**Fiscal 2014 First Quarter**  
**(\$ in thousands)**

**6/30/2013** **6/30/2012**

Net Operating Revenues    \$1,482    \$1,718

Operating Expenses

Lease Operating Expenses 466            930

G&A                                    1,098    1,448

Other Operating Expenses 681            915

Total Operating Expense    2,245    3,293

Interest Expense & Other    (182)    (332)

Net Loss                                (\$945)    (\$1,907)

Please refer to our 10-Q filing at [www.sec.gov](http://www.sec.gov) for complete financial statements, footnotes and results of operations including management's discussion and analysis of financial condition and results of operations.

**Loan Agreement and Common Stock Purchase Warrants**

On August 13, 2013, Lucas entered into a \$7.5 million Loan Agreement with a private investor. The loan accrues interest at the rate of 12% per annum, can be prepaid by Lucas at any time without penalty after November 13, 2013 and is due and payable on August 13, 2015, provided that interest only payments are due on the Loan during the first six months of the term (which have been escrowed by Lucas) and amortization payments equivalent to 50% of the loan are payable thereafter until maturity.

**About Lucas Energy, Inc.**

Lucas Energy is an asset-rich, independent oil and gas company developing its significant acreage positions in the Eagle Ford, Austin Chalk, Eaglebine and Buda & Glen Rose resource plays. Based in Houston, Texas, Lucas Energy's new management team is committed to creating shareholder value through developing its asset base, improving operating efficiencies, and building a strong balance sheet.

For more information, please visit the updated Lucas Energy web site at [www.lucasenergy.com](http://www.lucasenergy.com).

### **Safe Harbor Statement and Disclaimer**

This news release includes "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward looking statements give our current expectations, opinion, belief or forecasts of future events and performance. A statement identified by the use of forward looking words including "may," "expects," "projects," "anticipates," "plans," "believes," "estimate," "should," and certain of the other foregoing statements may be deemed forward-looking statements. Although Lucas 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 news release. These include risk inherent in natural gas and oil drilling and production activities, including risks of fire, explosion, blowouts, pipe failure, casing collapse, unusual or unexpected formation pressures, environmental hazards, and other operating and production risks, 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; delays in receipt of drilling permits; risks with respect to natural gas and oil prices, a material decline in which could cause Lucas to delay or suspend planned drilling operations or reduce production levels; 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 natural gas and oil prices; risks relating to unexpected adverse developments in the status of properties; risks relating to the absence or delay in receipt of government approvals or fourth party consents; and other risks described in Lucas's Annual Report on Form 10-K and other filings with the SEC, available at the SEC's website at [www.sec.gov](http://www.sec.gov). Investors are cautioned that any forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from those projected. The forward-looking statements in this press release are made as of the date hereof. The Company takes no obligation to update or correct its own forward-looking statements, except as required by law, or those prepared by third parties that are not paid for by the Company. The Company's SEC filings are available at <http://www.sec.gov>.

Year-end pre-tax discounted present value of proved reserves, or PV-10, is a non-GAAP financial measure as defined by the SEC. We believe that the presentation of PV-10 is relevant and useful to our investors because it presents the discounted future net cash flows attributable to our proved reserves prior to taking into account corporate future

income taxes and our current tax structure. We further believe investors and creditors use PV-10 as a basis for comparison of the relative size and value of our reserves as compared with other companies.

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