

November 16, 2015



## Lucas Energy Announces Fiscal 2016 Second Quarter Financial Results

HOUSTON, Nov. 16, 2015 /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 financial results for its fiscal 2016 second quarter, the three months ended September 30, 2015, and the filing of its Quarterly Report on Form 10-Q.

"We achieved significant milestones during our 2016 second quarter," said Anthony C. Schnur, Lucas's Chief Executive Officer. "First and foremost, we regained compliance with the NYSE MKT's continued listing requirements which allowed us to go forward with certain financing transactions including the entry into a new line of credit and the restructuring of our existing term loan with an extended maturity date. Also, certain oil and gas assets that were released as part of the Victory Energy settlement were returned to the Company. Further, we stemmed our net loss during the quarter and improved our operating cash flow condition. We continue to actively manage our cost structure, and compared to the same period last year, we reduced total operating expenses by 44%.

"Over the next several months, we plan to continue to seek to enter into a combination with another entity and/or to acquire additional significant assets, in the event we are able to raise appropriate funding. There has been a noticeable uptick in merger and acquisition activity affording the company new potential opportunities with third parties in both transactions and consolidations."

### Fiscal 2016 Second Quarter Results

For the three months ending September 30, 2015, Lucas reported a fiscal second quarter net loss of \$1.0 million, or (\$0.66) per common share, which was a 36% improvement over the \$1.5 million net loss, or (\$1.11) per share, for the same three month period last year. This improvement reflected a decrease in total operating expenses of approximately \$0.9 million, partially offset by a decline of approximately \$0.7 million in sales revenues. The loss per share in both quarters has been adjusted for our 1-for-25 reverse stock split which was effected on July 15, 2015, which reduced the number of our outstanding common shares from 36,354,973 to 1,454,261.

Total revenues from crude oil and natural gas sales for the quarter ended September 30, 2015 decreased by 70.8% to \$0.3 million compared to \$1.0 million for the same period a year ago and fell 26.4% sequentially from the fiscal first quarter. The year-over-year decline was primarily impacted by a \$0.54 million drop in realized crude oil prices and a \$0.16 million decrease related to a decline in quarterly production volumes. Production volumes averaged 72 net barrels of oil equivalent (BOE) per day during the three months ended September 30, 2015 compared to 113 net BOE per day during the three months

ended September 30, 2014. The production decline can be attributed to workover drilling and lateral programs with higher front-end production in last year's fiscal second quarter coupled with production declines primarily related to interference from offset activity in the current period.

Lease operating expenses of \$0.3 million for the quarter ended September 30, 2015 decreased by \$0.2 million or 44.2% from \$0.5 million for the same period a year ago, including a 55% reduction in workovers. General and administrative expenses decreased approximately \$0.5 million or 44.8% for the quarter ended September 30, 2015 as compared to the prior year's second quarter primarily due to restructured employee responsibilities, minimized outsourcing support services and improved operating efficiencies. There was a minimal increase in share-based compensation compared to the prior year's second quarter.

Depreciation, depletion, amortization and accretion expenses for the quarter ended September 30, 2015 decreased \$0.2 million, or 38.8%, to \$0.3 million from \$0.4 million for the same period a year ago. The decrease was primarily due to shut-in production volumes and the higher front-end production rates from our workover and lateral programs combined with interference from offset operators.

#### **Other Events During and Subsequent to the Quarter**

On August 1, 2015, the Company was unable to provide the required funding to participate in the development of certain oil and gas properties that had been sold to Earthstone Energy, Inc., and subsequently, its option to participate in the drilling of those wells expired.

Effective August 28, 2015, Lucas entered into an agreement to amend its existing Letter Loan Agreement, under which the Company has approximately \$7.3 million outstanding. As part of the amendment, the maturity date of the Loan Agreement was extended to October 31, 2016, and a third party, Silver Star Oil Company ("Silver Star") was granted the right to negotiate the purchase of Lucas's outstanding \$7.3 million debt. The deadline to reach an agreement is November 26, 2015, after which time the Company is required to move its assets to a wholly-owned subsidiary for collateral purposes. On August 30, 2015, Lucas entered into a non-revolving Line of Credit Agreement with Silver Star under which Lucas has the right to sell up to \$2.4 million in convertible promissory notes to Silver Star through October 1, 2016 (\$200,000 per month).

The terms of the Line of Credit, including Lucas's ability to request advances and Silver Star's requirement to purchase Convertible Notes, was subject to the continued listing of Lucas's common stock on the NYSE MKT. As disclosed in previous press releases, in February 2014, Lucas was notified of its failure to meet certain of the NYSE MKT's continued listing requirements. Lucas's plan of compliance that was submitted was accepted by the NYSE MKT, which subsequently granted various extensions, and in a letter dated September 8, 2015, the NYSE MKT notified the Company that it had successfully regained compliance with the NYSE MKT continued listing standards.

Please refer to previous press releases and the Company's fiscal 2016 second quarter 10-Q filed with the Securities Exchange Commission for more detail on the NYSE MKT

Compliance, the Letter Loan and amendments thereto, the Silver Star Line of Credit, and the Convertible Notes.

#### SELECTED FINANCIAL DATA

Fiscal Second Quarter Ending:

(\$ in thousands)

Three months ended

	<u>September 30, 2015</u>	<u>September 30, 2014</u>
Net Operating Revenues	\$290	\$993
Operating Expenses		
Lease Operating Expenses	253	453
G&A	629	1,139
Other Operating Expenses	293	501
Total Operating Expense	<u>1,175</u>	<u>2,093</u>
Interest Expense & Other	(68)	(375)
Income (loss) before Income Taxes	<u>(953)</u>	<u>(1,475)</u>
Income tax expense	-	14
Net Loss	<u>(\$953)</u>	<u>(\$1,489)</u>

#### About Lucas Energy, Inc.

Lucas Energy (NYSE MKT: LEI) is engaged in the development of crude oil and natural gas in the Austin Chalk and Eagle Ford formations in South Texas. Based in Houston, Lucas Energy's management team is committed to building a platform for growth and the development of its five million barrels of proved Eagle Ford and other oil reserves while continuing its focus on operating efficiencies and cost control.

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 risks 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 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>.

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