LUCERO ENERGY CORP. ANNOUNCES SECOND QUARTER 2022 FINANCIAL & OPERATING RESULTS

CALGARY, ALBERTA, August 4, 2022 – Lucero Energy Corp. ("Lucero" or the "Company") (TSXV: LOU, OTCQB: PSHIF) is pleased to announce financial and operating results for the three and six months ended June 30, 2022. The associated Management's Discussion and Analysis ("MD&A") and unaudited financial statements as at and for the three and six months ended June 30, 2022 can be found at www.sedar.com or www.lucerocorp.com.

All dollar amounts in this news release are stated in Canadian dollars unless otherwise noted.

Highlights	Three months ended			Six months ended	
	June 30	March 31	June 30	**June 30**	June 30
(in thousands, except per share data)	**2022**	2022	2021	**2022**	2021
Financial					
Funds flow [1]	**$35,017**	$33,601	$11,211	**$68,618**	$23,642
Per share basic	**$0.05**	$0.06	$0.02	**$0.11**	$0.07
Per share diluted	**$0.05**	$0.05	$0.02	**$0.11**	$0.07
Funds flow, excluding transaction related costs [1], [2]	**$35,017**	$35,701	$11,211	**$70,718**	$23,642
Per share basic	**$0.05**	$0.06	$0.02	**$0.11**	$0.07
Per share diluted	**$0.05**	$0.06	$0.02	**$0.11**	$0.07
Adjusted EBITDA [1]	**$36,644**	$35,664	$13,851	**$72,308**	$28,918
Per share basic	**$0.06**	$0.06	$0.03	**$0.11**	$0.08
Per share diluted	**$0.05**	$0.06	$0.03	**$0.11**	$0.08
Cash provided by operating activities	**$44,634**	$38,242	$15,005	**$82,876**	$30,898
Net income (loss)	**$25,824**	$5,888	$3,578	**$38,499**	($45,567)
Per share basic	**$0.04**	$0.01	$0.01	**$0.05**	($0.12)
Per share diluted	**$0.04**	$0.01	$0.01	**$0.05**	($0.12)
Exploration and development expenditures [1]	**$7,354**	$11,062	$10,256	**$18,416**	$12,261
Property acquisitions	**$8,651**	-	-	**$8,651**	-
Net debt [1]	**$107,451**	$121,092	$182,350	**$107,451**	$182,350
Common shares					
Shares outstanding, end of period	**661,725**	659,638	521,032	**661,725**	521,032
Weighted average shares (basic)	**660,146**	609,679	491,795	**635,052**	341,002
Weighted average shares (diluted)	**677,361**	623,170	506,622	**650,257**	349,763
Operations					
Production					
Tight oil (Bbls per day)	**6,489**	7,065	5,856	**6,775**	6,114
Shale gas (Mcf per day)	**10,439**	11,138	10,613	**10,787**	10,948
Natural gas liquids (Bbls per day)	**2,667**	1,760	1,716	**2,216**	1,783
Barrels of oil equivalent (Boepd, 6:1)	**10,896**	10,681	9,341	**10,789**	9,722
Average realized price					
Tight oil ($ per Bbl)	**$139.79**	$119.28	$80.14	**$129.14**	$74.55
Shale gas ($ per Mcf)	**$6.51**	$4.87	$0.49	**$5.67**	$1.09
Natural gas liquids ($ per Bbl)	**$23.48**	$27.30	$10.77	**$24.98**	$11.10
Barrels of oil equivalent ($ per Boe, 6:1)	**$95.55**	$88.26	$52.77	**$91.96**	$50.15
Operating netback per Boe (6:1)					
Operating netback [1]	**$38.74**	$41.11	$17.56	**$39.89**	$18.08
Operating netback (prior to hedging)[1]	**$59.17**	$56.01	$29.87	**$57.60**	$28.19
Funds flow netback per Boe (6:1)					
Including transaction related costs [1]	**$35.31**	$34.95	$13.19	**$35.14**	$13.44
Excluding transaction related costs [1]	**$35.31**	$37.14	$13.19	**$36.21**	$13.44

[1] *Management uses these non-GAAP financial measures to analyze operating performance, leverage and investing activity. These measures do not have a standardized meaning under GAAP and therefore may not be comparable with the calculation of similar measures for other companies. See Non-GAAP Measures within this document for additional information.*

MESSAGE TO SHAREHOLDERS

The second quarter of 2022 was the first full quarter under the purview of the new Lucero management team. During this period, the Company continued the steady implementation of Lucero's long-term objective of realizing disciplined growth while ensuring enhanced financial flexibility and lasting sustainability. Lucero maintained a prudent approach to operations, capital allocation and cost control in the second quarter, with the generation of free funds flow[1] directed to continued debt reduction. Operational momentum from the Company's high-quality, oil-weighted assets was demonstrated in the second quarter as production volumes were maintained on significantly lower capital expenditures.

Through the second quarter of 2022, the Company achieved the following:

- Average production of 10,896 boepd compared to 10,681 boepd in the first quarter of 2022 and 9,341 boepd in the second quarter of 2021;
- Quarterly funds flow[1] of $35.0 million, relative to $33.6 million in the first quarter of 2022 and $11.2 million in the second quarter of 2021;
- Funds flow per share[1] of $0.05 compared to $0.06 in the first quarter of 2022 and $0.02 in the second quarter of 2021;
- Increased operating netback[1] prior to hedging of $59.17 per Boe compared to $56.01 in the first quarter of 2022 and $29.87 per Boe in the second quarter of 2021;
- Invested $7.4 million in exploration and development expenditures[1] on funds flow[1] of $35.0 million, representing a payout ratio[1] of 21%;
- Closed an accretive tuck-in acquisition for cash consideration of $8.7 million (US$6.75 million);
- Reduced net debt[1] to $107.5 million at June 30, 2022, from $121.1 million at March 31, 2022 and $182.4 million at June 30, 2021; and
- Confirmed the Company's senior secured credit facility at US$180 million.

OPERATIONAL UPDATE

The Company's second quarter 2022 capital program included the investment of $7.4 million, which was largely directed to well optimizations along with the completion of construction of a multi-well oil facility. Lucero's production averaged 10,896 boepd, a 17% increase from 9,341 boepd during the same period in 2021 and an increase of 2% from the previous quarter's production of 10,681 boepd, while moderating the Company's overall corporate decline rate.

Lucero also completed an accretive tuck-in acquisition during the second quarter which included approximately 100 boepd, and more notably, increases the Company's working interest in operated future drilling locations within Lucero's core North Dakota oil-weighted assets (the "Tuck-in Acquisition"). Cash consideration for the Tuck-in Acquisition totaled $8.7 million (US$6.75 million).

As a result of higher average production volumes coupled with stronger operating netbacks[1], the Company generated $35.0 million of funds flow[1] during the second quarter of 2022, of which $7.4 million was invested in capital expenditures, resulting in a payout ratio of 21%. Incremental funds flow[1] was directed to debt repayment for the continued strengthening of the balance sheet. Lucero exited the second quarter of 2022 with net debt[1] of $107.5 million, a reduction of 41% compared to the second quarter of 2021 and a decrease of 11% from the first quarter of 2022.

CAPITAL BUDGET AND PRODUCTION GUIDANCE

By investing in higher rate of return, lower-risk light oil opportunities across the Company's high-quality asset base, Lucero's 2022 capital budget of US$45 million (CDN$58 million) is intended to generate a balanced approach to realizing disciplined long-term sustainable growth while protecting Lucero's strong financial position.

The Company spent $18 million over the first six months of 2022 and has approximately $40 million remaining in the 2022 capital budget to be deployed in the third and fourth quarters of this year. At the beginning of the third quarter of 2022, the Company commenced a drilling program of 5 (4.9 net) operated wells and anticipates drilling a total of 6.8 net wells in 2022.

Lucero remains well positioned to deliver on the Company's capital expenditure and production guidance for 2022. The Company is maintaining previous 2022 production guidance which anticipates average production ranging between 10,500 - 11,000 boepd (~80% light oil and natural gas liquids) and an exit rate of 11,000 boepd (~80% light oil and natural gas liquids).

[1] See "Non-GAAP Measures" within this press release.

OUTLOOK AND SUSTAINABILITY

Lucero has a solid growth platform of lower-risk, light oil assets located in the prolific North Dakota Bakken/Three Forks play. The assets are characterized by compelling rates of return driven by robust operating netbacks[1], strong production rates and high estimated recoveries. With a corporate production decline profile estimated at approximately 30% for 2022, coupled with high operating netbacks[1], the Company's assets yield significant free funds flow[1] in the current commodity price environment. As a result of this high-quality asset base, the Company is well positioned to create value through a disciplined long-term focused growth strategy. Consistent with this strategy, Lucero intends to allocate free funds flow[1] to continued debt repayment, positioning the Company to realize ongoing expansion of production levels, reserves values and broader asset base.

Lucero has developed trust and credibility as a good corporate citizen who provides a platform for long-term success as the business plan and vision are executed. Sustainability of the business includes prioritizing the Company's overall social responsibility, commitment to the environment and supporting strong values and relationships in the workplace as well as within the communities where Lucero operates.

The Company is proud to highlight the following key operational and financial attributes:

Production Guidance	2022E Average: 10,500 – 11,000 boepd (~80% light oil and natural gas liquids) 2022E Exit: 11,000 boepd (~80% light oil and natural gas liquids)
Total Proved plus Probable Reserves(1)	~72 MMboe (85% light oil and liquids)
Development Inventory	>45 net undrilled locations
Sustainability Assumptions	Corporate Production Decline: 30% (2022E) Capital Efficiency(2),(3): ~C$17,000/boepd (IP 365)
2022 Capital Program(3)	US$45 million (~C$58 million)
Net Debt[1] as at June 30, 2022	C$107.5 million
Common Shares Outstanding (basic)	662 million

(1) All reserves information in this press release are gross Company reserves, meaning Lucero's working interest reserves before deductions of royalties and before consideration of Lucero's royalty interests. The reserve information for Lucero in the foregoing table is derived from the independent engineering report effective December 31, 2021 prepared by NSAI evaluating the oil, NGL and natural gas reserves attributable to all of the Company's properties.
(2) Capital efficiency is a measure of all-in corporate forecast capital expenditures divided by forecast production additions.
(3) Assumes a foreign exchange rate of US$1.00 = CDN$1.29.

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READER ADVISORIES

Forward Looking Statements

This press release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws relating to the Company's plans, strategy, business model, focus, objectives and other aspects of Lucero's anticipated future operations and financial, operating and drilling and development plans and results, including, expected future production, production mix, reserves, drilling inventory, net debt, funds flow, operating netbacks, decline rate and decline profile, product mix, capital expenditure program, capital efficiencies, and commodity prices. In addition, and without limiting the generality of the foregoing, this press release contains forward-looking information regarding: the focus and allocation of Lucero's 2022 capital budget and drilling program of 5 (4.9 net) operated wells and of 6.8 net wells in 2022; anticipated average and exit production rates, available free funds flow, management's view of the characteristics and quality of the opportunities available to the Company; the Company's intention to allocate free funds flow to debt repayments; and other matters ancillary or incidental to the foregoing.

Forward-looking information typically uses words such as "anticipate", "believe", "project", "target", "guidance", "expect", "goal", "plan", "intend" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future. The forward-looking information is based on certain key expectations and assumptions made by Lucero's management, including expectations concerning prevailing commodity prices, exchange rates, interest rates, applicable royalty rates and tax laws; capital efficiencies; decline rates; future production rates

[1] See "Non-GAAP Measures" within this press release.

and estimates of operating costs; performance of existing and future wells; reserve and resource volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the economy and the exploration and production business; results of operations; performance; business prospects and opportunities; the availability and cost of financing, labor and services; the impact of increasing competition; the impact of inflation on costs and expenses; ability to market oil and natural gas successfully and Lucero's ability to access capital. Statements relating to "reserves" are also deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

Although the Company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Lucero can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that the Company will derive there from. Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide security holders with a more complete perspective on Lucero's future operations and such information may not be appropriate for other purposes. Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect Lucero's operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

These forward-looking statements are made as of the date of this press release and Lucero disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

Non-GAAP Measures

This document includes non-GAAP measures commonly used in the oil and natural gas industry. These non-GAAP measures do not have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS", or alternatively, "GAAP") and therefore may not be comparable with the calculation of similar measures by other companies. For additional details, descriptions and reconciliations of these and other non-GAAP measures, see the Company's Management's Discussion and Analysis ("MD&A") for the three and six months ended June 30, 2022.

***"Funds flow"** represents cash from operating activities prior to changes in non-cash operating working capital, including cash finance expenses, and is a measure of the Company's ability to generate funds to service its debt and other obligations and to fund its operations, without the impact of changes in non-cash working capital, which can vary based solely on timing of settlement of accounts receivable and accounts payable. **"Funds flow, excluding transaction related costs"** represents funds flow prior to transaction related costs. **"Funds flow netback per Boe"** represents funds flow divided by production volumes for the corresponding period, and is presented including and excluding transaction related costs. **"Funds flow per share"** represents funds flow divided by the basic weighted average shares outstanding for the corresponding period.*

***"Net debt"** represents total liabilities, excluding decommissioning obligation, deferred tax liability, lease liability and financial derivative liability, less current assets, excluding financial derivative assets. Lucero believes net debt is a key measure to assess the Company's liquidity position at a point in time. Net debt is not a standardized measure and may not be comparable with similar measures for other entities.*

***"Operating netback"** represents petroleum and natural gas revenue, plus or minus any realized gain or loss on financial derivatives, less royalties, lease operating costs, workover expense, production taxes, and transportation expense. **"Operating netback prior to hedging"** represents operating netback prior to any realized gain or loss on financial derivatives. "Operating netback" and "Operating netback prior to hedging" is also presented on a per Boe basis by dividing by production volumes for the corresponding period. Lucero believes that in addition to net income (loss) and cash provided by operating activities, operating netback and operating netback prior to hedging are useful supplemental measures as they assist in the determination of the Company's operating performance, leverage, and liquidity. Operating netback is commonly used by investors to assess performance of oil and gas properties and the possible impact of future commodity price changes on energy producers.*

***"Exploration and development expenditures"** represents additions to property, plant and equipment in the cash flow used in investing activities, less capitalized general and administrative expenses. Exploration and development expenditures is a measure of the Company's investments in property, plant and equipment.*

***"Free funds flow"** represents funds flow, less exploration and development expenditures. Management considers this measure to be useful in determining its available discretionary cash to fund capital expenditures, acquisitions or returns of capital to shareholders.*

***"Payout ratio"** represents exploration and development expenditures as a percentage of funds flow.*

Oil and Gas Disclosures

The term "boe" or barrels of oil equivalent may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6 Mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Additionally, given that the value ratio based on the current price of crude oil, as compared to natural gas, is significantly different from the energy equivalency of 6:1; utilizing a conversion ratio of 6:1 may be misleading as an indication of value.

This press release discloses drilling locations in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are derived from the reserves evaluation prepared by NSAI as of December 31, 2021 and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates prepared by a qualified reserves evaluator based on

Lucero's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves. Of the 45 net drilling locations identified herein, 27 are proved locations, 6 are probable locations and 12 are unbooked locations. Unbooked locations have been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that Lucero will drill all unbooked drilling locations and, if drilled, there is no certainty that such locations will result in additional oil and gas reserves or production. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been derisked by drilling existing wells in relative close proximity to such unbooked drilling locations, some of other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and, if drilled, there is more uncertainty that such wells will result in additional oil and gas reserves or production.