LUCERO ENERGY CORP. ANNOUNCES FIRST QUARTER 2023 FINANCIAL & OPERATING RESULTS

CALGARY, ALBERTA, May 9, 2023 – Lucero Energy Corp. ("Lucero" or the "Company") (TSXV: LOU, OTCQB: PSHIF) is pleased to announce financial and operating results for the three months ended March 31, 2023. The associated Management's Discussion and Analysis ("MD&A") and unaudited financial statements as at and for the three months ended March 31, 2023 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		
(in thousands, except per share data)	**March 31 2023**	December 31 2022	March 31 2022
Financial			
Funds flow [1]	**$39,909**	$37,015	$33,601
Per share basic	**$0.06**	$0.06	$0.06
Per share diluted	**$0.06**	$0.06	$0.05
Funds flow, excluding transaction costs [1]	**$39,909**	$37,015	$35,701
Per share basic	**$0.06**	$0.06	$0.06
Per share diluted	**$0.06**	$0.06	$0.06
Adjusted EBITDA [1]	**$41,481**	$38,708	$35,664
Per share basic	**$0.06**	$0.06	$0.06
Per share diluted	**$0.06**	$0.06	$0.06
Cash provided by operating activities	**$34,918**	$41,903	$38,242
Net income	**$18,469**	$18,995	$5,888
Per share basic	**$0.03**	$0.03	$0.01
Per share diluted	**$0.03**	$0.03	$0.01
Exploration and development expenditures [1]	**$31,315**	$16,560	$11,062
Net debt [1]	**$69,608**	$77,426	$121,092
Common shares			
Shares outstanding, end of period	**662,411**	662,411	659,638
Weighted average shares (basic)	**662,411**	662,411	609,679
Weighted average shares (diluted)	**671,484**	672,207	623,170
Operations			
Production			
Tight oil (Bbls per day)	**6,904**	6,326	7,065
Shale gas (Mcf per day)	**12,719**	13,218	11,138
NGL (Bbls per day)	**2,235**	2,480	1,760
Barrels of oil equivalent (Boepd, 6:1)	**11,259**	11,009	10,681
Average realized price			
Tight oil ($ per Bbl)	**$104.80**	$114.49	$119.28
Shale gas ($ per Mcf)	**$5.64**	$5.34	$4.87
NGL ($ per Bbl)	**$10.70**	$13.25	$27.30
Barrels of oil equivalent ($ per Boe, 6:1)	**$72.76**	$75.18	$88.26
Operating netback per Boe (6:1)			
Operating netback [1]	**$42.81**	$40.07	$41.11
Operating netback (prior to hedging) [1]	**$42.81**	$44.07	$56.01
Funds flow netback per Boe (6:1)			
Including transaction related costs [1]	**$39.39**	$36.55	$34.95
Excluding transaction related costs [1]	**$39.39**	$36.55	$37.14

(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

Lucero's first quarter of 2023 continued to build on the positive momentum realized through 2022, driving higher production and funds flow during the period, while also strengthening the balance sheet. With a consistent focus on long-term objectives, including the delivery of disciplined growth and enhanced financial flexibility, Lucero commenced a disciplined 2023 drilling and capital development program. During the first three months of 2023, Lucero invested $31.3 million of exploration and development expenditures safely and responsibly, while also successfully reducing net debt by 10% over year end 2022, supporting the Company's long-term sustainability.

Highlights in the first quarter of 2023 include the following:

- Increased quarterly production to 11,259 Boepd, compared to 11,009 Boepd in the fourth quarter of 2022 and 10,681 Boepd in the first quarter of 2022;
- Generated robust funds flow of $39.9 million, an 8% increase over $37.0 million in the fourth quarter of 2022 and 19% higher than $33.6 million for the same period in 2022;
- Reported funds flow per share of $0.06, consistent with $0.06 generated in the fourth quarter of 2022 and $0.06 in the first quarter of 2022, while net income per share of $0.03 in the current period was consistent with $0.03 per share in the fourth quarter of 2022, and higher than $0.01 per share during the same period the prior year;
- Successfully invested $31.3 million in exploration and development expenditures, which was directed to the completion of 2.97 net operated wells, numerous well optimization projects and the commencement of the Company's 2023 drilling program;
- Reduced net debt to $69.6 million at March 31, 2023, a decline of 10% from $77.4 million at December 31, 2022 and a reduction of 43% from $121.1 million at March 31, 2022;
- Closed an accretive working interest top-up acquisition subsequent to the end of the quarter, for cash consideration of $6.3 million (US$4.7 million), which included approximately 200 Boepd of high quality operated production; and
- Released the Company's inaugural Sustainability Report subsequent to the end of the quarter, demonstrating Lucero's continued prioritization of, and commitment to, strong Environmental, Social, and Governance principles across the organization.

OPERATIONAL UPDATE

Strong new well results and continued solid performance from the Company's existing production base contributed to the growth of Lucero's quarterly volumes. In addition to realizing steady production growth, the Company has also been successful in moderating Lucero's overall corporate decline rate to less than 30%, ultimately supporting a more sustainable business model.

Lucero's exploration and development expenditures totaled $31.3 million in the first quarter, representing approximately one-third of the full year budget, with the program focused on completing three (2.97 net) operated wells along with undertaking various well optimization projects, contributing to the Company's higher quarterly volumes. Subsequent to the end of the first quarter, Lucero commenced the drilling of five (4.3 net) operated wells and began the process of building a multi-well facility at the Company's Tahu property. As a result of these initiatives, Lucero anticipates bringing corresponding production on-stream prior to year end 2023, which is expected to help set the stage for further measured growth in 2024.

During the quarter, Lucero generated free funds flow of $8.6 million that was allocated to strengthening the balance sheet, as net debt declined 10% to $69.6 million at March 31, 2023, from $77.4 million as at December 31, 2022.

OUTLOOK AND SUSTAINABILITY

Lucero has established a unique position among Canadian-listed, growth-oriented exploration and production companies. With 100% exposure to U.S. light oil-weighted assets, the Company offers a growth platform comprised of lower-risk, high-impact development opportunities in the heart of the prolific North Dakota Bakken/Three Forks play. The Company is well positioned to continue generating stable production and robust operating netbacks while targeting high estimated recoveries, all of which contributes to the Company's ability to drive compelling rates of return and create shareholder value. With a corporate production decline profile forecasted to be under 30% for 2023, Lucero's assets are expected to benefit from a supportive pricing environment and yield significant free funds flow that can be directed to further debt reduction, growth projects or other value-add initiatives.

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

Production Guidance	**2023E Average**: >11,500 Boepd (~80% light oil and natural gas liquids) **2023E Exit**: >12,000 Boepd (~80% light oil and natural gas liquids)
Total Proved plus Probable Reserves[(1)]	~74 MMboe (83% light oil and liquids)
Development Inventory[(2)]	>40 net undrilled locations
Corporate Production Decline	~28% (2023E)
2023 Capital Program[(3)]	US$70 million (~C$95 million)
Net Debt as at March 31, 2023	C$69.6 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, 2022 prepared by Netherland, Sewell & Associates, Inc. ("NSAI") evaluating the oil, NGL and natural gas reserves attributable to all of the Company's properties.*

(2) *As at December 31, 2022.*

(3) *Assumes a foreign exchange rate of US$1.00 = C$1.35.*

For further information please contact:

Brett Herman
President and Chief Executive Officer
Lucero Energy Corp.
Telephone: (877) 573-0181
Email: info@lucerocorp.com

Marvin Tang
Vice President, Finance and Chief Financial Officer
Lucero Energy Corp.
Telephone: (877) 573-0181
Email: info@lucerocorp.com

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, free funds flow, operating netbacks, decline rate and decline profile, product mix, capital expenditure program and commodity prices. In addition, and without limiting the generality of the foregoing, this press release contains forward-looking information regarding: Lucero's expectation of corporate decline rates in 2023; Lucero's expectation that it anticipates bringing production at the Company's Tahu property on-stream prior to year end 2023, which is expected to help set the stage for further measured growth in 2024; Lucero's expectation on its long-term growth prospects; the Company's expectation that it is well positioned to continue generating stable production and robust operating netbacks while targeting high estimated recoveries, all of which contributes to the Company's ability to drive compelling rates of return and create shareholder value; that Lucero's assets are expected to benefit from a supportive pricing environment and yield significant free funds flow that can be directed to further debt reduction, growth projects or other value-add initiatives; Lucero's 2023 capital program budgeted of US$70 million (C$95 million); Lucero's anticipation that the Company's 2023 capital program will drive annual average production of approximately 11,500 Boepd (80% weighted to light oil and natural gas liquids) with an exit production rate of approximately 12,000 Boepd (80% light oil and natural gas liquids) and matters set forth under "Outlook and Sustainability"; Lucero's anticipation of delivering on 2023 capital budget and production guidance; 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 allocation of 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, acquisitions and divestitures, interest rates, applicable royalty rates and tax laws; capital efficiencies; decline rates; future production rates 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; effects of inflation and other cost escalations 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 and ratios commonly used in the oil and natural gas industry. These non-GAAP measures and ratios 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 months ended March 31, 2023.

"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. The reconciliation between cash provided by operating activities, as defined by IFRS, and funds flow as well as funds flow, excluding transaction related costs, is as follows:*

		Three months ended March 31,
($ thousands)	***2023***	***2022***
Cash provided by operating activities	***$34,918***	*$38,242*
Finance expenses - cash	***(1,572)***	*(2,063)*
Changes in non-cash operating working capital	***6,563***	*(2,578)*
Funds flow	***$39,909***	*$33,601*
Transaction related costs	***-***	*2,100*
Funds flow, excluding transaction related costs	***$39,909***	*$35,701*

*"**Adjusted EBITDA**" represents cash provided by operating activities prior to changes in non-cash working capital, to measure the Company's ability to generate funds to service debt and other obligations and to fund the Company's 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. "**Adjusted EBITDA per share basic and diluted**" is a non-GAAP ratio that includes adjusted EBITDA, a non-GAAP measure. The Company calculates adjusted EBITDA per share basic and diluted as adjusted EBITDA divided by weighted average basic and diluted shares outstanding, respectively. Lucero believes that adjusted EBITDA and adjusted EBITDA per share basic and diluted are key industry performance measures of the Company's ability to generate liquidity and are common measures within the oil and gas industry. The reconciliation between cash flow from operating activities, as defined by IFRS, and adjusted EBITDA, as defined herein, is as follows:*

		Three months ended March 31,
($ thousands)	***2023***	***2022***
Cash provided by operating activities	***$34,918***	*$38,242*
Changes in non-cash operating working capital	***6,563***	*(2,578)*
Adjusted EBITDA	***$41,481***	*$35,664*

"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. Net debt is also expressed as a ratio to funds flow, referred to as* ***"net debt to funds flow ratio"****, and is calculated as the net debt at the end of a period divided by the funds flow in the same period. The reconciliation between total liabilities, as defined by IFRS, and net debt, as defined herein, is as follows:*

	As at March 31, 2023	*As at December 31, 2022*
Total liabilities	***$143,701***	*$149,123*
Decommissioning obligations	***(6,654)***	*(5,993)*
Deferred tax liability	***(37,474)***	*(30,553)*
Lease liability	***(945)***	*(1,053)*
Total current assets	***(29,020)***	*(34,098)*
Net Debt	***$69,608***	*$77,426*

"Operating netback" *represents petroleum and natural gas revenue, plus or minus any realized gain or loss on financial derivatives, less royalties, operating expenses, production taxes, and transportation expenses.* ***"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.* ***"Operating netback per BOE"*** *is a non-GAAP ratio that represents operating netback, a non-GAAP measure, divided by production volumes for the corresponding period, and is presented including and excluding any realized gain or loss on financial derivatives. The table below discloses Lucero's operating netback and operating netback prior to hedging, including the reconciliation to the Company's most closely comparable GAAP measure, petroleum and natural gas revenues:*

		Three months ended March 31,
($ thousands)	***2023***	***2022***
Petroleum and natural gas revenues	***$73,727***	*$84,843*
Royalties	***(13,131)***	*(15,843)*
Operating expenses	***(9,611)***	*(7,664)*
Production taxes	***(5,870)***	*(5,800)*
Transportation expenses	***(1,742)***	*(1,704)*
Operating netback prior to hedging	***$43,373***	*$53,832*
Realized loss on financial derivatives	***-***	*(14,322)*
Operating netback	***$43,373***	*$39,510*

"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. The most directly comparable GAAP measure to exploration and development expenditures is additions to property, plant and equipment in the cash flow used in investing activities. The reconciliation between additions to property, plant and equipment, as defined by IFRS, and exploration and development expenditures, as defined herein, is as follows:*

		Three months ended March 31,
($ thousands)	***2023***	***2022***
Additions to property, plant and equipment	***$32,059***	*$11,791*
Capitalized general and administrative expenses	***(744)***	*(729)*
Exploration and development expenditures	***$31,315***	*$11,062*

"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.*

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, 2022 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 greater than 40 net drilling locations identified herein, 20 are proved locations, 10 are probable locations and the remaining 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.