LUCERO ENERGY CORP. ANNOUNCES FIRST QUARTER 2024 FINANCIAL & OPERATING RESULTS

CALGARY, ALBERTA, May 16, 2024 – 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, 2024. The associated Management's Discussion and Analysis (**"MD&A"**) and unaudited financial statements as at and for the three months ended March 31, 2024 can be found at www.sedarplus.ca or www.lucerocorp.com.

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

Highlights

(in thousands, except per share data)	Three months ended **March 31 2024**	December 31 2023	March 31 2023
Financial			
Funds flow[1]	**$28,700**	$33,976	$39,894
Per share basic	**$0.04**	$0.05	$0.06
Per share diluted	**$0.04**	$0.05	$0.06
Adjusted EBITDA[1]	**$27,051**	$33,552	$41,481
Per share basic	**$0.04**	$0.05	$0.06
Per share diluted	**$0.04**	$0.05	$0.06
Cash provided by operating activities	**$24,603**	$32,235	$34,918
Net income	**$9,239**	$16,882	$18,469
Per share basic	**$0.01**	$0.03	$0.03
Per share diluted	**$0.01**	$0.03	$0.03
Exploration and development expenditures[1]	**$36,715**	$3,731	$31,315
Property acquisitions	**$2,031**	-	-
Property dispositions	**-**	$4,227	-
Working capital (net debt)[1]	**$71,462**	$82,591	($69,608)
Common shares			
Shares outstanding, end of period	**646,314**	648,671	662,411
Weighted average shares (basic)	**647,002**	649,984	662,411
Weighted average shares (diluted)	**661,881**	674,271	671,484
Operations			
Production			
Tight oil (Bbls per day)	**5,160**	5,630	6,904
Shale gas (Mcf per day)	**13,363**	11,980	12,719
NGL (Bbls per day)	**2,628**	2,382	2,235
Barrels of oil equivalent (Boepd, 6:1)	**10,015**	10,009	11,259
Average realized price			
Tight oil ($ per Bbl)	**$100.62**	$107.26	$104.80
Shale gas ($ per Mcf)	**$1.86**	$1.51	$5.64
NGL ($ per Bbl)	**$4.29**	$6.69	$10.70
Barrels of oil equivalent ($ per Boe, 6:1)	**$55.44**	$63.73	$72.76
Operating netback per Boe (6:1)[1]	**$32.57**	$38.30	$42.81
Funds flow netback per Boe (6:1)[1]	**$31.49**	$36.90	$39.37

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

Building on the success and results Lucero delivered during 2023, the Company continued to demonstrate operating momentum in the first quarter of 2024. During the period, Lucero commenced the Company's 2024 drilling and development program designed to drive disciplined production growth through 2024, while also securing further financial flexibility to pursue future opportunities for shareholder value creation.

Supported by continued positive net earnings and a strong balance sheet, Lucero returned $1.4 million to shareholders in the first quarter of 2024 by way of the Company's Normal Course Issuer Bid ("NCIB"), through the purchase and cancellation of 2.4 million common shares of Lucero (the "Common Shares"). Subsequent to March 31, 2024, the Company returned an additional $4.8 million to shareholders via the NCIB, purchasing and canceling another 7.1 million Common Shares and further bolstering per share metrics.

FIRST QUARTER 2024 HIGHLIGHTS

- 10,015 Boepd average production, compared to 10,009 Boepd in the fourth quarter of 2023, and 11,259 Boepd in the same period of 2023;
- $28.7 million of funds flow, compared to $34.0 million in the fourth quarter of 2023 and $39.9 million for the first quarter of 2023;
- $0.04 per share of funds flow, compared to $0.05 generated in the fourth quarter of 2023 and $0.06 in the first quarter of 2023;
- $0.01 per share net income in the current period, compared to $0.03 per share in the fourth quarter of 2023, and $0.03 per share during the same period the prior year;
- $36.7 million directed to exploration and development expenditures, which included drilling four (3.0 net) wells, completing two (1.7 net) wells, continuing to upgrade infrastructure and the acquisition of incremental core acreage. Capital expenditures in the period represent approximately 40% of Lucero's 2024 budgeted capital program, setting the stage to generate meaningful free funds flow in the second half of the year; and
- $71.5 million of working capital at March 31, 2024, compared to $82.6 million of working capital at December 31, 2023, and net debt of $69.6 million at March 31, 2023.

OUTLOOK AND SUSTAINABILITY

Lucero remains in a unique position among Canadian-listed, growth-oriented exploration and production companies. The Company offers 100% exposure to U.S. light oil-weighted assets within a growth platform comprised of lower-risk, high-impact development opportunities situated in the heart of the prolific North Dakota Bakken/Three Forks play.

A prudent and measured approach to capital allocation and operational execution positions Lucero well to continue driving production growth, realizing robust operating netbacks and targeting high expected recoveries from the oil-weighted asset base. With a corporate production decline profile of approximately 30%, the Company has a proven track record of generating significant free funds flow which can be allocated to growth, a return of capital, and/or other initiatives that can directly contribute to long-term shareholder value enhancement. Looking forward, Lucero's solid financial position affords the Company flexibility to drive continued growth while evaluating initiatives aimed at further enhancing shareholder value, such as accretive acquisitions, organic production growth and/or returning additional capital to shareholders through share buybacks.

Subsequent to the end of the quarter, Lucero posted an update to the Company's sustainability reporting performance summary data tables, showcasing continued progress across key environmental, social and governance ("ESG") metrics. Lucero plans to issue comprehensive Sustainability Reports on a periodic basis to align with significant changes in the underlying business and operations. In the interim, the Company will provide annual updates to the key performance data tables to ensure stakeholders have access to the latest sustainability information.

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

Production Guidance	2024E Average: 10,100 Boepd[1] 2024E Exit: 10,300 Boepd[1]
Total Proved plus Probable Reserves[2]	Approx. 56 MMboe (82% light oil and liquids)
Development Inventory	>30 net undrilled locations at Dec 31, 2023
Corporate Production Decline	Approx. 30%
2024 Exploration and Development Expenditures	US$65 million (approx. C$88 million[3])
Working capital	C$71.5 million at Mar 31, 2024
Common Shares outstanding (basic)	646 million at Mar 31, 2024

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

[1] Approximately 60% light oil, 20% NGL and 20% conventional natural gas.
[2] 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, 2023 prepared by Netherland, Sewell & Associates, Inc. ("NSAI") evaluating the oil, NGL and natural gas reserves attributable to all of the Company's properties.
[3] Assumes a foreign exchange rate of US$1.00 = C$1.36.

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 and related production mix, reserves, drilling locations and corporate decline profile, exploration and development expenditure program and commodity prices. In addition, and without limiting the generality of the foregoing, this press release contains forward-looking information regarding: recent capital expenditures are expected to generate meaningful free funds flow in the second half of the year; that the Company's 2024 drilling and development program will drive disciplined production growth through 2024, while also securing further financial flexibility to pursue future opportunities for shareholder value creation; setting the stage to generate meaningful free funds flow in the second half of the year; Lucero's 2024 capital program budgeted at US$65 million (approx. C$88 million); Lucero's anticipation that the Company's 2024 capital program will drive annual average production of approximately 10,100 Boepd (weighted as to 60% light oil, 20% NGL and 20% natural gas) with an exit production rate of approximately 10,300 Boepd (weighted as to 60% light oil, 20% NGL and 20% natural gas), Lucero plans with respect to providing sustainability reports on a periodic basis as well as intentions to provide annual updates to certain key performance data tables and other matters set forth under "Outlook and Sustainability"; matters with respect to the NCIB; Lucero's anticipation of delivering on 2024 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; 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.sedarplus.ca). 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, 2024.

"Funds flow" *represents cash from operating activities prior to changes in non-cash operating working capital and settlement of decommissioning obligations, including cash finance expenses, and is a measure of the Company's ability to generate funds to service any 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 netback per Boe"*** *represents funds flow divided by production volumes for the corresponding period.* ***"Funds flow per share basic and diluted"*** *represents funds flow divided by the weighted average basic and diluted shares outstanding, respectively, for the corresponding period. The reconciliation between cash provided by operating activities, as defined by IFRS, and funds flow, is as follows:*

		Three months ended March 31,
($ thousands)	*2024*	*2023*
Cash provided by operating activities	*$24,603*	*$34,918*
Finance income (expenses) - cash	*682*	*(1,587)*
Settlement of decommissioning obligations	*967*	*-*
Changes in non-cash operating working capital	*2,448*	*6,563*
Funds flow	*$28,700*	*$39,894*

*"**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)	*2024*	*2023*
Cash provided by operating activities	*$24,603*	*$34,918*
Changes in non-cash operating working capital	*2,448*	*6,563*
Adjusted EBITDA	*$27,051*	*$41,481*

"Working capital" *(or, if a negative number, referred to as* ***"net debt"****) represents total current assets, less: total liabilities (excluding decommissioning obligation, deferred tax liability and lease liability). Lucero believes working capital or net debt is a key measure to assess the Company's liquidity position at a point in time. Working capital or net debt is not a standardized measure and may not be comparable with similar measures for other entities. Working capital or net debt is also expressed as a ratio to funds flow, referred to as* ***"working capital to funds flow ratio"****, and is calculated as the working capital at the end of a period divided by the funds flow in the same period. The reconciliation between total current assets, as defined by IFRS, and working capital, as defined herein, is as follows:*

($ thousands)	*As at March 31, 2024*	*As at December 31, 2023*
Total current assets	*$124,968*	*$113,842*
Total liabilities	*(117,008)*	*(89,689)*
Decommissioning obligation	*4,102*	*4,623*
Deferred tax liability	*58,529*	*52,865*
Lease liability	*871*	*950*
Working capital	*$71,462*	*$82,591*

"Operating netback" *represents petroleum and natural gas revenue, less royalties, operating expenses, production taxes, and transportation expenses. "Operating netback" 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 is a useful supplemental measure as it assists 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, including the reconciliation to the Company's most closely comparable GAAP measure, petroleum and natural gas revenues:*

		Three months ended March 31,
($ thousands)	*2024*	*2023*
Petroleum and natural gas revenues	*$50,530*	*$73,727*
Royalties	*(8,009)*	*(13,131)*
Operating expenses	*(7,808)*	*(9,611)*
Production taxes	*(3,639)*	*(5,870)*
Transportation expenses	*(1,382)*	*(1,742)*
Operating netback	*$29,692*	*$43,373*

"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)	*2024*	*2023*
Additions to property, plant and equipment	*$37,188*	*$32,059*
Capitalized general and administrative expenses	*(473)*	*(744)*
Exploration and development expenditures	*$36,715*	*$31,315*

"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 and Metrics

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. "Boepd" or "Boe/d" is the number of Boe divided by the number of days over a specified period of time. "MMboe" denotes millions of Boe.

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, 2023 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 30 net drilling locations identified herein, 18 are proved locations, 8 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.