LUCERO ENERGY CORP. ANNOUNCES SECOND QUARTER 2024 FINANCIAL & OPERATING RESULTS AND PROVIDES OPERATIONAL UPDATE

CALGARY, ALBERTA, August 8, 2024 – Lucero Energy Corp. (**"Lucero"** or the **"Company"**) (TSXV: LOU, OTCQB: PSHIF) announces financial and operating results for the three and six months ended June 30, 2024. 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, 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	Three months ended			Six months ended	
(in thousands, except per share data)	**June 30 2024**	March 31 2024	June 30 2023	**June 30 2024**	June 30 2023
Financial					
Funds flow[1]	**$25,489**	$28,700	$31,263	**$54,189**	$71,172
Per share basic	**$0.04**	$0.04	$0.05	**$0.08**	$0.11
Per share diluted	**$0.04**	$0.04	$0.05	**$0.08**	$0.11
Adjusted funds flow[1]	**$25,489**	$28,700	$33,717	**$54,189**	$73,626
Per share basic	**$0.04**	$0.04	$0.05	**$0.08**	$0.11
Per share diluted	**$0.04**	$0.04	$0.05	**$0.08**	$0.11
Adjusted EBITDA[1]	**$24,849**	$27,051	$32,644	**$51,900**	$74,125
Per share basic	**$0.04**	$0.04	$0.05	**$0.08**	$0.11
Per share diluted	**$0.04**	$0.04	$0.05	**$0.08**	$0.11
Cash provided by operating activities	**$24,081**	$24,603	$43,183	**$48,684**	$78,101
Net income	**$9,312**	$9,239	$10,602	**$18,551**	$29,071
Per share basic	**$0.01**	$0.01	$0.02	**$0.03**	$0.04
Per share diluted	**$0.01**	$0.01	$0.02	**$0.03**	$0.04
Exploration and development expenditures[1]	**$41,233**	$36,715	$29,801	**$77,948**	$61,116
Property acquisitions	**$3,555**	$2,031	$6,339	**$5,586**	$6,339
Property dispositions	**-**	-	$126,226	**-**	$126,226
Working capital[1]	**$46,138**	$71,462	$49,751	**$46,138**	$49,751
Common shares					
Shares outstanding, end of period	**637,313**	646,314	662,411	**637,313**	662,411
Weighted average shares (basic)	**639,849**	647,002	662,411	**643,426**	662,411
Weighted average shares (diluted)	**659,946**	661,881	672,160	**662,589**	672,458
Operations					
Production					
Tight oil (Bbls per day)	**4,557**	5,160	6,651	**4,858**	6,776
Shale gas (Mcf per day)	**13,091**	13,363	12,193	**13,227**	12,454
Natural gas liquids (Bbls per day)	**2,474**	2,628	2,842	**2,551**	2,540
Barrels of oil equivalent (Boepd, 6:1)	**9,213**	10,015	11,525	**9,614**	11,392
Average realized price					
Tight oil ($ per Bbl)	**$108.00**	$100.62	$100.76	**$104.09**	$102.82
Shale gas ($ per Mcf)	**($0.49)**	$1.86	$1.66	**$0.70**	$3.68
Natural gas liquids ($ per Bbl)	**$5.22**	$4.29	$7.49	**$4.74**	$8.90
Barrels of oil equivalent ($ per Boe, 6:1)	**$54.13**	$55.44	$61.75	**$54.82**	$67.17
Operating netback per Boe (6:1)[1]	**$31.57**	$32.57	$35.34	**$32.10**	$39.02
Funds flow netback per Boe (6:1)[1]					
Funds flow[1]	**$30.40**	$31.49	$29.81	**$30.97**	$34.52
Adjusted funds flow[1]	**$30.40**	$31.49	$32.15	**$30.97**	$35.71

[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 operational momentum realized in the first three months of 2024, Lucero continued to execute the Company's 2024 drilling and development program through the second quarter. The Company invested $41.2 million through the period to drill two wells, and complete four wells that had been drilled in the first quarter of 2024. Positive initial production responses were realized, while drilling and completion costs came in under budget, setting Lucero up for the latter half of 2024 and beyond.

With a flexible balance sheet and sustainable free funds flow profile, Lucero continued to prudently return capital to shareholders, with a continuing goal of maintaining financial optionality to pursue growth opportunities. In the second quarter of 2024, the Company purchased and cancelled 9.2 million common shares of Lucero (**"Common Shares"**) through the Company's Normal Course Issuer Bid (the **"NCIB"**). Since the inception of the NCIB in June 2023, Lucero has purchased and cancelled 33.1 million Common Shares (or 5.0% of the Common Shares at the NCIB commencement date), effectively returning 87% of the Company's free funds flow to shareholders during this same period. In June 2024, Lucero renewed the NCIB to further purchase for cancellation, up to 31.9 million Common Shares, which represents another 5.0% of the Company's Common Shares outstanding as at May 30, 2024.

With more than 85% of the Company's 2024 capital program having been invested and the program substantially completed within the first half of the year, Lucero anticipates generating robust free funds flow through the second half of 2024 that can be directed to continued growth opportunities or further capital returns.

OPERATIONAL UPDATE

In the second quarter of 2024, Lucero drilled two (1.9 net) wells, building out an inventory of drilled and uncompleted wells ("**DUCs**") that are targeted for completion in the first quarter of 2025 and expected to contribute to production volumes next year. The Company also completed four (3.0 net) wells that were drilled earlier in the year, which required the shut-in of five producing wells on the same lease during the completion and clean-up. Lucero experienced some downhole complications during completion operations that caused three (2.2 net) of the four completed wells to be brought on production in the latter part of June 2024, compared to original expectations for volumes to come on-stream in April. Lucero is currently in the process of resolving operational issues on one (0.8 net) well, with initial production from this well anticipated in the latter part of the third quarter of 2024. Production delays associated with the completions during the quarter were further exacerbated by an extension of the shut-in on the five wells due to service rig access limitations, resulting in average second quarter 2024 volumes of 9,213 Boe/d.

Lucero continues to be disciplined with capital allocation and expects to remain on track with the Company's 2024 budgeted exploration and development expenditures of US$65 million (approx. C$89 million). The Company is maintaining 2024 exit production guidance at 10,300 Boe/d while adjusting annual average production guidance by 4% to 9,700 Boe/d, reflecting the timing delays experienced in operations during the second quarter of 2024. See further details in the 2024 Guidance table below.

2024 GUIDANCE

As discussed in more detail above, Lucero is revising 2024 guidance as follows:

	Current guidance	**Previous guidance**	**Change**
Production:			
Annual average	9,700 Boe/d	10,100 Boe/d	-400 Boe/d (-4%)
Exit (Q4 2024 average)	10,300 Boe/d	10,300 Boe/d	-
Tight Oil / NGL / Shale Gas % (annual average)	50% / 25% / 25%	60% / 20% / 20%	-10% / +5% / +5%
Funds flow:			
Royalty rate	18%	19%	-1%
Operating & transportation	$10.50/Boe	$10.50/Boe	-
Production taxes	10% of revenue after royalties	10% of revenue after royalties	-
G&A	US$2.00/Boe	US$2.00/Boe	-
Annual realized oil price differential to US$WTI	Minus US$2.00/Bbl	Minus US$2.00/Bbl	-
Sustainability:			
Exploration and development expenditures	US$65 million (~C$89 million)	US$65 million (~C$89 million)	-
Corporate production decline	33%	33%	-

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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 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 operations setting Lucero up for the latter half of 2024 and beyond; the Company's goal of maintaining financial optionality to pursue growth opportunities; the Company's anticipation of generating robust free funds flow through the second half of 2024 that can be directed to continued growth opportunities or further capital returns; expectations of on-streaming the one (0.8 net) well in the latter part of the third quarter of 2024; Lucero's 2024 capital program budgeted at US$65 million (approx. C$89 million); Lucero's guidance set forth under "2024 Guidance", including that the Company's 2024 exploration and development expenditures will drive annual average production of approximately 9,700 Boepd (weighted as to 50% light oil, 25% NGL and 25% natural gas) with an exit (Q4 2024 average) production rate of approximately 10,300 Boepd and guidance on royalty rate, operating & transportation, production taxes, G&A and corporate production decline rates; and 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 and six months ended June 30, 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.* ***"Adjusted funds flow"*** *represents funds flow prior to transaction costs.* ***"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 adjusted funds flow, is as follows:*

		Three months ended June 30,		Six months ended June 30,
($ thousands)	*2024*	*2023*	*2024*	*2023*
Cash provided by operating activities	*$24,081*	*$43,183*	*$48,684*	*$78,101*
Finance income (expenses) - cash	*588*	*(1,366)*	*1,270*	*(2,953)*
Settlement of decommissioning obligations	*52*	*-*	*1,019*	*-*
Changes in non-cash operating working capital	*768*	*(10,539)*	*3,216*	*(3,976)*
Other	*-*	*(15)*	*-*	*-*
Funds flow	*$25,489*	*$31,263*	*$54,189*	*$71,172*
Transaction related costs	*-*	*2,454*	*-*	*2,454*
Adjusted funds flow	*$25,489*	*$33,717*	*$54,189*	*$73,626*

"**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 June 30,		Six months ended June 30,
($ thousands)	2024	2023	2024	2023
Cash provided by operating activities	$24,081	$43,183	$48,684	$78,101
Changes in non-cash operating working capital	768	(10,539)	3,216	(3,976)
Adjusted EBITDA	$24,849	$32,644	$51,900	$74,125

"**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 June 30, 2024	As at December 31, 2023
Total current assets	$96,297	$113,842
Total liabilities	(118,437)	(89,689)
Decommissioning obligation	4,347	4,623
Deferred tax liability	62,591	52,865
Lease liability	1,340	950
Working capital	$46,138	$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 June 30,		Six months ended June 30,
($ thousands)	2024	2023	2024	2023
Petroleum and natural gas revenues	$45,380	$64,764	$95,910	$138,491
Royalties	(7,085)	(10,888)	(15,094)	(24,019)
Operating expenses	(6,994)	(10,081)	(14,802)	(19,692)
Production taxes	(3,499)	(4,979)	(7,138)	(10,849)
Transportation expenses	(1,338)	(1,747)	(2,720)	(3,489)
Operating netback	$26,464	$37,069	$56,156	$80,442

"**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 June 30,		Six months ended June 30,
($ thousands)	2024	2023	2024	2023
Additions to property, plant and equipment	$41,632	$30,583	$78,820	$62,642
Capitalized general and administrative expenses	(399)	(782)	(872)	(1,526)
Exploration and development expenditures	$41,233	$29,801	$77,948	$61,116

"**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.