

NYSEMKT: LEI



LUCAS ENERGY

Corporate Presentation
IPAA 2014 OGIS New York



LUCAS ENERGY

Safe Harbor

This presentation includes forward-looking statements, which give the Company's current expectations or forecasts of future events based on currently available information. Forward-looking statements are statements that are not historical facts, such as expectations regarding drilling plans, including the acceleration thereof, production rates and guidance, resource potential, incremental transportation capacity, exit rate guidance, net present value, development plans, progress on infrastructure projects, exposures to weak natural gas prices, changes in the Company's liquidity, changes in acreage positions, expected expenses, expected capital expenditures, and projected debt balances. The assumptions of management and the future performance of the Company are subject to a wide range of business risks and uncertainties and there is no assurance that these statements and projections will be met. There are risks and uncertainties associated with acquisitions of assets. Factors that could affect the Company's business include, but are not limited to: the risks associated with drilling of oil and natural gas wells; the Company's ability to find, acquire, market, develop, and produce new reserves; the risk of drilling dry holes; oil and natural gas price volatility; derivative transactions (including the costs associated therewith and the abilities of counterparties to perform thereunder); uncertainties in the estimation of proved, probable, and possible reserves and in the projection of future rates of production and reserve growth; inaccuracies in the Company's assumptions regarding items of income and expense and the level of capital expenditures; uncertainties in the timing of exploitation expenditures; operating hazards attendant to the oil and natural gas business; drilling and completion losses that are generally not recoverable from third parties or insurance; potential mechanical failure or underperformance of significant wells; availability and limitations of capacity in midstream marketing facilities, including processing plant and pipeline construction difficulties and operational upsets; climatic conditions; availability and cost of material, supplies, equipment and services; the risks associated with operating in a limited number of geographic areas; actions or inactions of third-party operators of the Company's properties; the Company's ability to retain skilled personnel; diversion of management's attention from existing operations while pursuing acquisitions or dispositions; availability of capital; the strength and financial resources of the Company's competitors; regulatory developments; environmental risks; uncertainties in the capital markets; general economic and business conditions; industry trends; and other factors detailed in the Company's most recent Form 10-K, Form 10-Q and other filings with the Securities and Exchange Commission. If one or more of these risks or uncertainties materialize (or the consequences of such a development changes), or should underlying assumptions prove incorrect, actual outcomes may vary materially from those forecasted or expected. The Company undertakes no obligation to publicly update or revise any forward-looking statements except as required by law. For filings reporting year-end 2013 reserves, the SEC permits the optional disclosure of probable and possible reserves. The Company has elected not to report probable and possible reserves in its filings with the SEC. We use the term "net risked resources" or "inventory" to describe the Company's internal estimates of volumes of natural gas and oil that are not classified as proved reserves but are potentially recoverable through exploratory drilling or additional drilling or recovery techniques. Estimates of unproved resources are by their nature more speculative than estimates of proved reserves and accordingly are subject to substantially greater risk of actually being realized by the Company. Estimates of unproved resources may change significantly as development provides additional data, and actual quantities that are ultimately recovered may differ substantially from prior estimates. This summary includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Act") and Section 21E of the Securities Act of 1934, as amended. In particular, the words "believes", "expects", "may", "expects", "projects", "anticipates", "plans", "believes", "estimate", "will", "should," and certain of the other foregoing statements may be deemed forward-looking statements.



Company Overview

Company Overview

NYSE MKT listed Houston, TX based E&P Company

- Areas of focus in South & East Texas
- Eagle Ford (oil window), Austin Chalk, Buda / Glen Rose

Significant proved acreage position

- 15,000 net acres in South & East Texas
- Approximately 85% held by production
- Abundant drilling opportunity in existing leasehold
- SEC PV-10 Proved \$132.5MM + Probables \$35.9MM⁽¹⁾

Current strategy to develop reserve base

- Repositioning for Eagle Ford Shale development
- Pending LOI with independent operator in Karnes County in Eagle Ford to drill up to six new wells

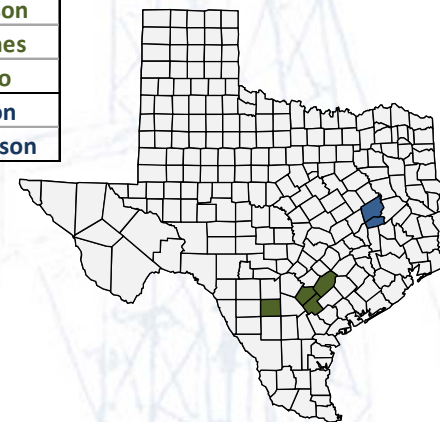
Marathon Agreement

- Gonzales county – LEI has 100% to the base of the Austin Chalk and 15/85% below the Austin Chalk
- Wilson county – LEI has 100% to the base of the Austin Chalk and 50/50% below the Austin Chalk

(1) As of April 1, 2013 and prepared by Forrest A. Garb & Associates, assumes Oil \$97.24/bbl (net \$104.76/bbl); Gas \$4.03/Mmbtu (net \$3.51/Mmbtu)

Asset Footprint

Producing Horizon	County
Eagle Ford & Austin Chalk	Gonzales
	Wilson
	Karnes
	Frio
Buda & Glen Rose	Leon
	Madison



Market Data

Stock Price (April 3, 2014)	\$0.85
Stock Symbol / Exchange	LEI / NYSE MKT
Market Capitalization (\$mm) ¹	\$25.5
Enterprise Value (\$mm)	\$32.4
Diluted Shares Outstanding (mm) ²	29.961

¹ calculated using fully diluted shares as of 12/31/2013

² as of 12/31/2013

Investment Highlights

Strong Reserve Base and Offset Production

- \$168.6mm PV-10 total 2P reserves (100+ acre Eagle Ford spacing)¹
- 5,572 Mboe Total Proved Reserves: 5,131 Mbbls (92% Oil) ¹
- \$4.43 per share of Total Proved Reserve Value¹
- Strong offset production

Well Positioned Acreage

- ~12,000 net Austin Chalk acres across Frio, Gonzales, Karnes, and Leon counties
- ~4,000 net Eagle Ford acres in Gonzales, Karnes, Wilson and Frio counties
- ~1,000 net Eagle Bine acres in Leon and Madison counties
- Offset producers include EOG, Sanchez, Forest Oil, Hunt Oil, Penn Virginia

Significant Drilling and Development Potential

- Significant undeveloped acreage position and downspacing opportunities
- 100+ Eagle Ford Locations
- 25+ Austin Chalk Locations
- 10+ Buda-Glen Rose locations

Strengthened Balance Sheet and Cost Structure

- Reduced G&A by 38.7% and LOE by 43.6% since December 31, 2012
- Driving toward positive cash flow in calendar 2014
- Reduced Debt / Capitalization from 43.1% to 20.5% since December 31, 2012

Quality Management Team

- Current Management restructured and refocused organization in less than twelve months
- Proven track record of successful turnaround experience

¹ Reserve report prepared by Forrest A. Garb & Assoc. as of 4/01/2013

Company Overview

Key Milestones

Transforming the Business

- Dec 14, 2012: Announces Appointment of New CEO and Director
- Dec 21, 2012: Announces Completion of \$4 Million non-core Asset Sale
- Mar 29, 2013: Settles Lawsuit, Eliminating \$24 Million in Related Obligations
- Apr 4, 2013: Completes \$2.75 Million Loan
- Apr 9, 2013: Completes Final Settlement Eliminating \$1.3 Million in Obligations
- Aug 14, 2013: Announces \$7.5 Million Loan Agreement & Fiscal First Quarter Results
- Sep 4, 2013: Raises \$3.45 Million Of Common Stock With Well-Reputed And Experienced Energy Investor
- Nov 18, 2013: Announces Q2 Results Including Significant Reduction In Operating And Admin Expenses And Appointed Ken Daraie as Chairman of the Board
- Nov 30, 2013: Completed 4th Work-Over in the Austin Chalk
- Dec 18, 2013: Seeks Opportunities for Strategic Partnership, Acquisitions and Mergers (on-going)
- Mar 26, 2014: Announcement Of Joint Drilling Agreement; Karnes County Eagle Ford Horizontal Well

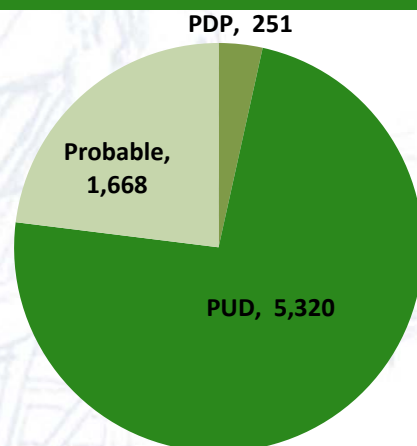
Reserve Summary

	Reserve Summary ⁽¹⁾						
	Oil (MBbls)	Gas (Mmcf)	Total (Mboe)	% Oil	PV-10 (\$mm)	PV-10 / Diluted Sh ⁽²⁾	PV-10 / BOE
PDP	251	-	251	100%	\$ 12.6	\$ 0.42	\$ 50.0
PUD	4,880	2,643	5,320	92%	120.1	\$ 4.01	22.6
Total	5,131	2,643	5,572	92%	\$ 132.6	\$ 4.43	\$ 23.8
Probable	1,438	1,378	1,668	86%	35.9	\$ 1.20	21.5
Total 2P	6,569	4,021	7,239	91%	\$ 168.6	\$ 5.63	\$ 23.4

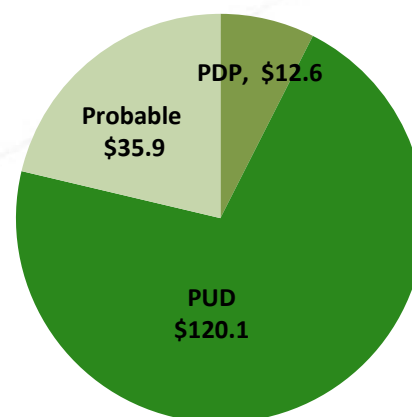
⁽¹⁾ As of April 1, 2013 and prepared by Forrest A. Garb & Associates, Oil \$97.24/bbl (net \$104.76/bbl); Gas \$4.03/Mmbtu (net \$3.51/Mmbtu)

⁽²⁾ Assumes Diluted Shares of 29.9 million

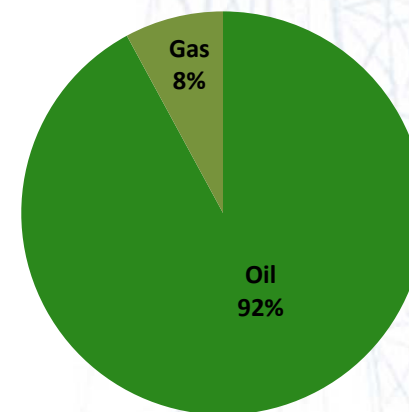
Proved Reserves (Mboe)



2P PV-10



Hydrocarbon Breakdown



Downspacing Advantages and Opportunities – Gonzales County

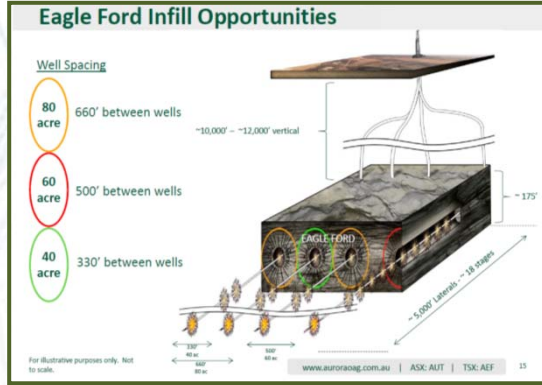
Lucas Eagle Ford PUD's booked on 100+ acre spacing

- Marathon Reporting >80 Acre Spacing **going to 60's**
- Penn Virginia Reporting 128 Acre Spacing **going to 53's**
- EOG Reporting 65 Acre Spacing **going to 40's**
- Aurora Reporting **going to 40 Acre** Spacing AND initial pilot test results on inverted "W" are positive

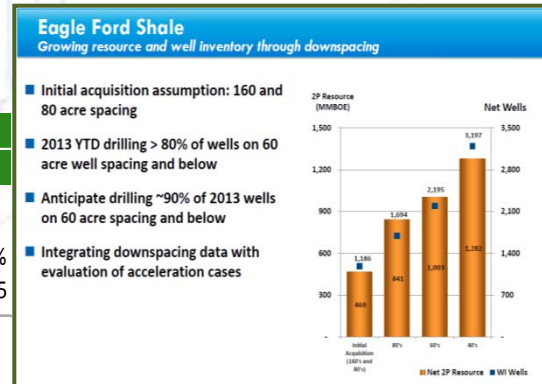
Gonzales County Downspacing	Spacing (Acres/Well)		
	100	65	40
Avg. NPV10/ Acre ⁽¹⁾	\$ 57,000.0	\$ 87,692.0	\$ 142,500.0
Increased Value Per Acre	100%	154%	250%
Locations	74	114	185

(1) Based on an estimated \$5.7 mm NPV10/ Well

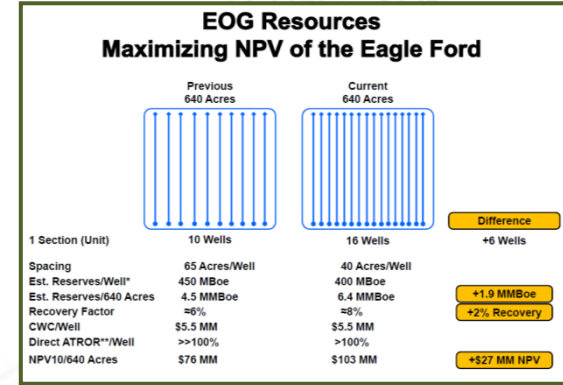
Aurora Oil & Gas



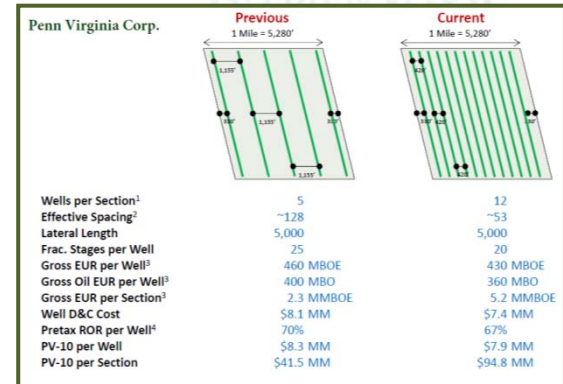
Marathon Oil & Gas



EOG Resources



Penn Virginia



Source: Company reports and presentations



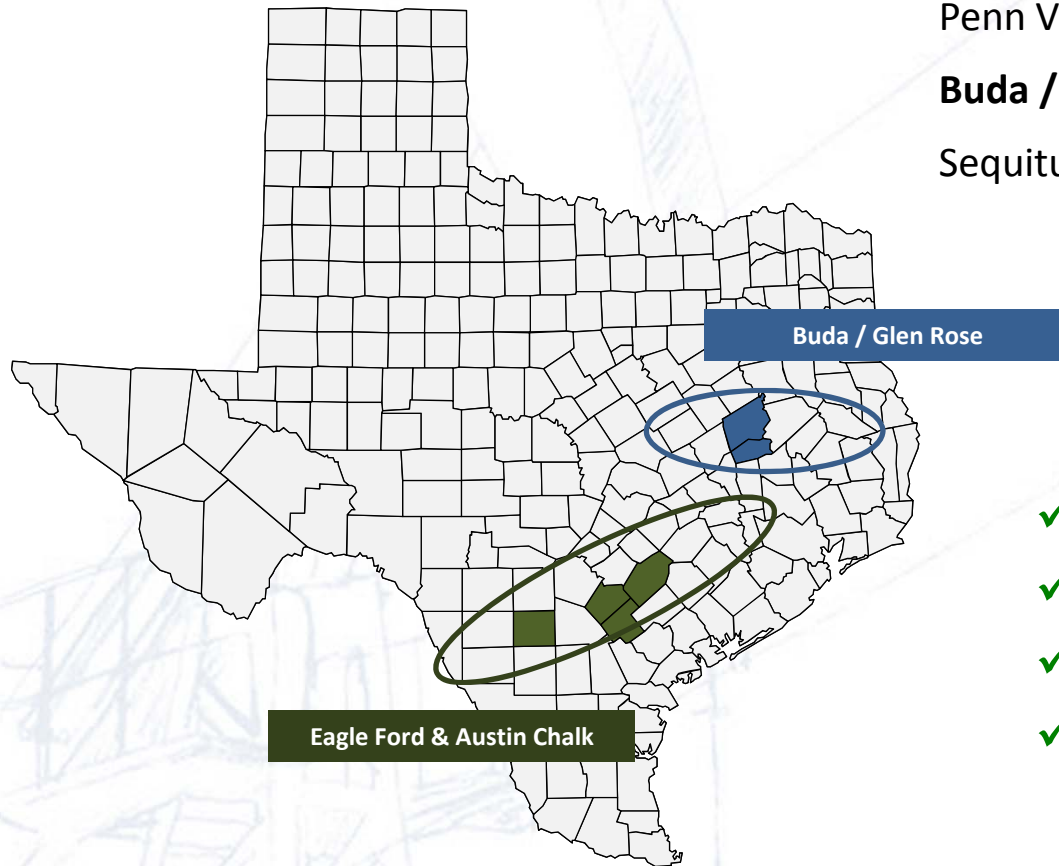
Asset Overview

Eagle Ford and Austin Chalk Offset Producers:

EOG, Marathon/Sanchez, Forest Oil, Hunt, and Penn Virginia

Buda / Glen Rose Offset Producers:

Sequitur (Navidad), Cubic, Burk Royalty, Treadstone



- ✓ Prime Eagle Ford and Austin Chalk Plays
- ✓ Significant Offset Production
- ✓ Large Base of Drilling Inventory
- ✓ Optimal Resource Enhancement Potential

Eagle Ford Shale / Austin Chalk

LEI Acreage

- ~12,000 Net Austin Chalk acres
- ~4,000 Net Eagle Ford acres
- Optimization of Frac techniques becoming more refined
- Potential to gain acreage through non-participation is high
- Positive results on trend continue to support acreage and potential future well results

Development Potential

- 100+ Eagle Ford Drilling Locations (75 Proved on Eagle Ford PUDs booked on 100 acre spacing)
- 25+ Chalk Drilling Locations (Largely 100% WI Locations)

Current Operations

- Current Production from 25 wells in Austin Chalk
- Non-op production included 2 EF wells operated by Marathon

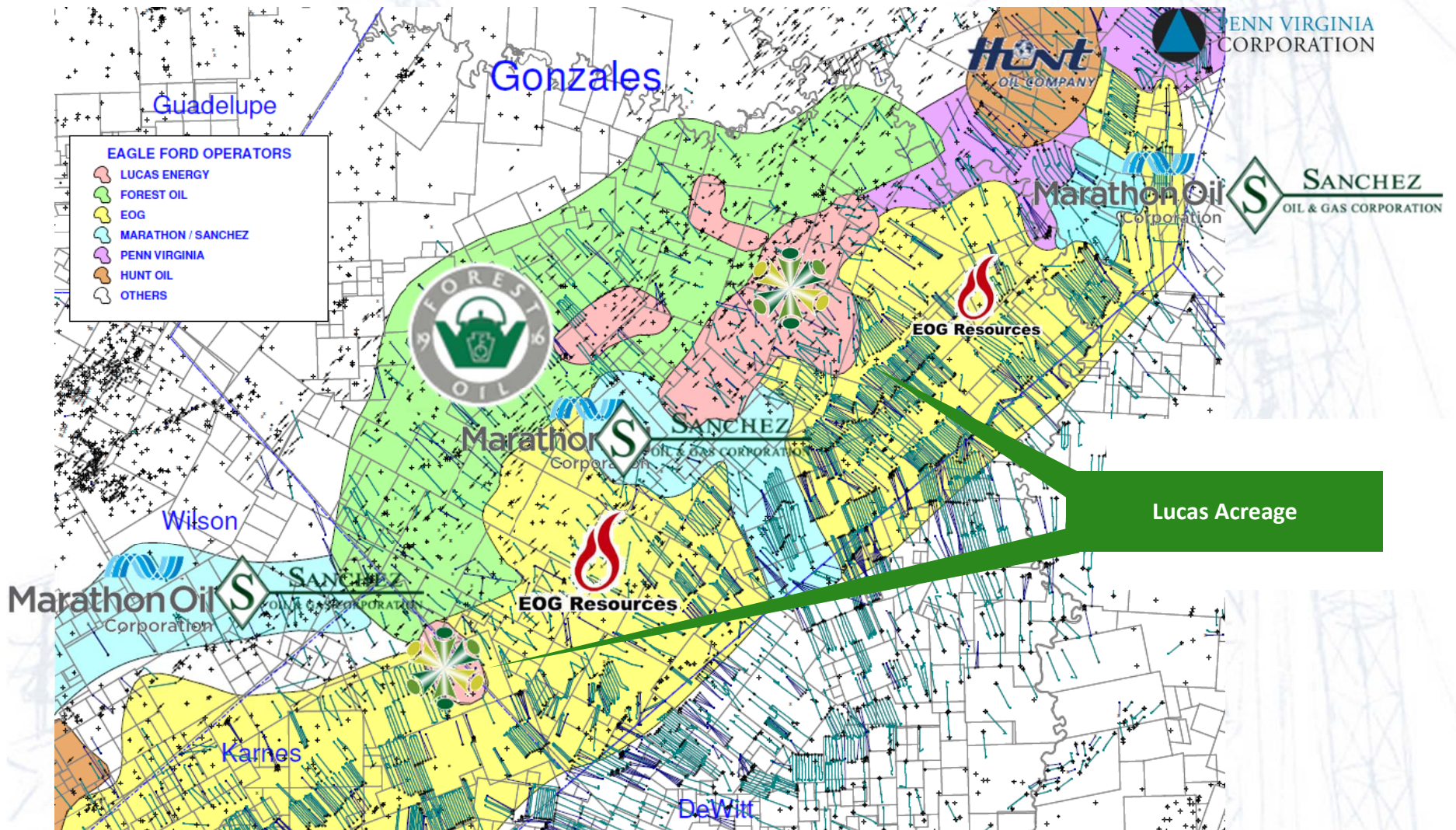


Offset Operators

- Forest Oil
- EOG
- Marathon / Sanchez
- Penn Virginia
- Hunt Oil

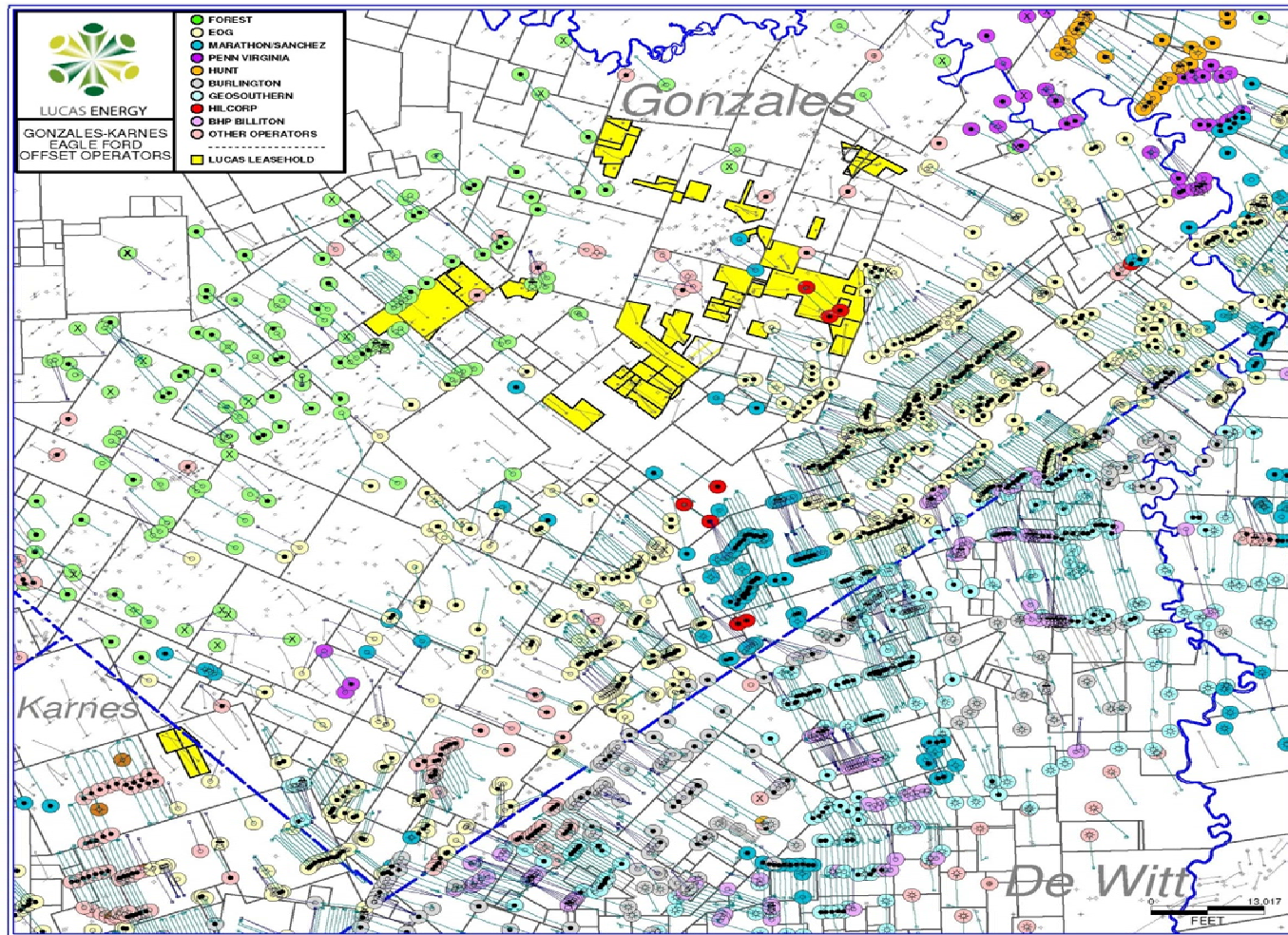
Gonzales County

Eagle Ford Shale / Austin Chalk – Offset Producers Map



Eagle Ford – Gonzales & Karnes County Detail

Detail of Offset Operators – Gonzales County



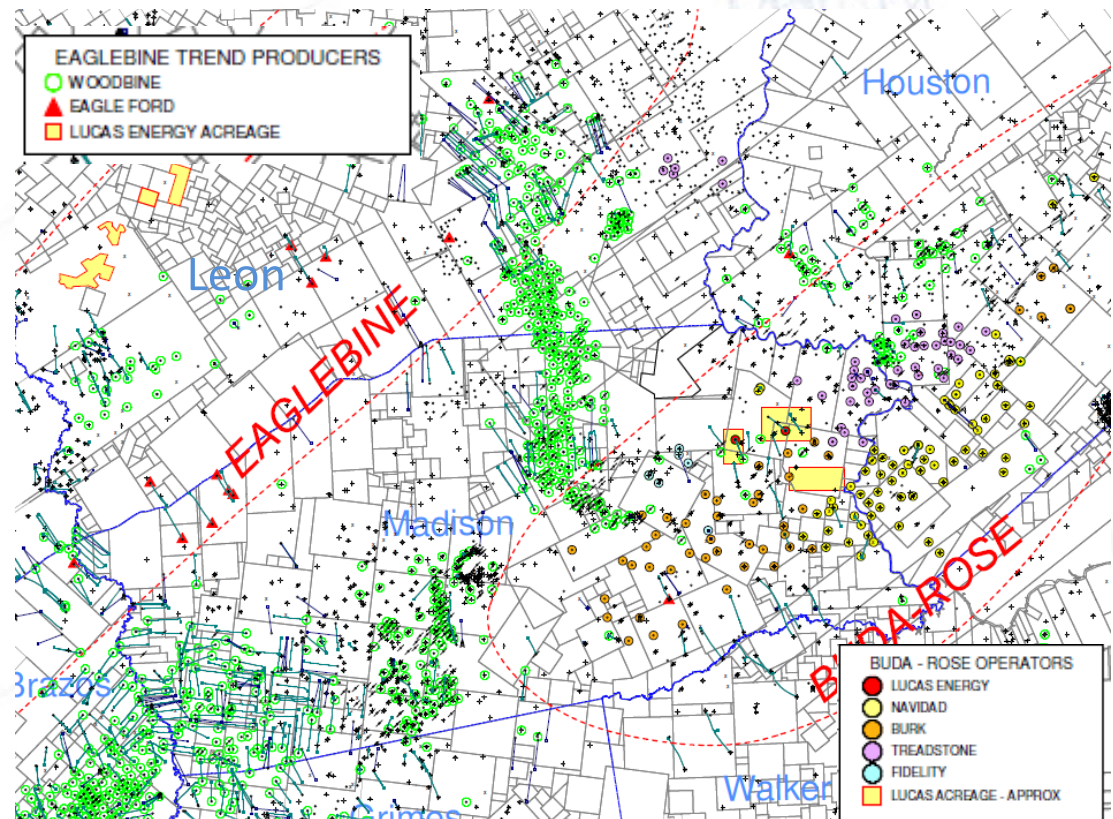
Buda / Glen Rose

LEI Acreage

- ~1,000 Net Eaglebine, Buda-Glen Rose
- Madison – Majority of acreage is primary term leases with ~12% held-by-production
- Leon – Majority (70%) of acreage is in one large tract
- Company maintains all rights at all depths

Development Potential

- Buda-Glen Rose Drilling Locations
- Madison – Significant potential vertical well and multistage frac completions comingled minimal production
- Leon – Significant potential for horizontals and multistage frac completions and upside in deep Bossier gas play
- No reserves booked to Leon County



Current Operational Strategy

Markets Impact on Strategy

- Markets moving away from Micro-caps;
- Mid-caps access to more favorable debt financing, receive greater sell-side analyst coverage trade with greater liquidity and higher per share multiples;
- LEI shift to a more aggressive pursuit of expansion opportunities including strategic partnership, acquisitions, and/or mergers.

Continue Operational Improvements

- Hi-grade lower-cost opportunities
- Continue operating efficiencies and cost containment
- Continue focus on G&A without losing operational effectiveness

Execute Eagle Ford Opportunities

- Define and isolate EF Units for filing with the Texas Railroad Commission
- Refine EF spacing for the creation of additional drilling locations
- Actively pursue JV / Participation Agreements on EF Acreage

Opportunity Summary

Strong Reserve Base of \$132.6M in Proved PV-10 with Significant Offset Production

Well Positioned Acreage in Eagle Ford and Austin Chalk Plays

Significant Drilling and Development Potential with Over 100 Proven Drilling Locations

Strengthened Balance Sheet and Cost Structure

Quality Experience Management Team

Financial Overview

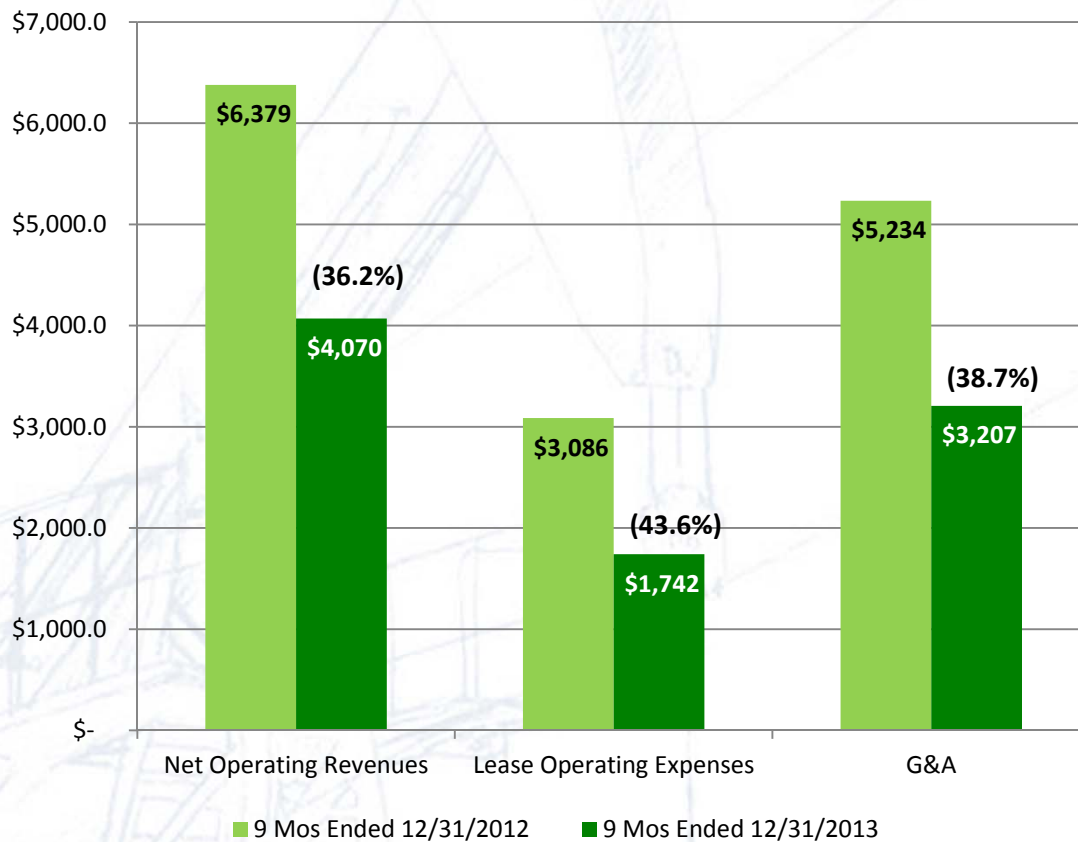
Capitalization

Capitalization	As of		Coupon	Maturity
	12/31/2012	12/31/2013		
	Actual	Actual		
Cash and Cash Equivalents	\$ 0.7	\$ 1.5		
Total Assets	\$ 64.0	\$ 42.0		
Debt				
Nordic Notes Payable	\$ 22.0	\$ -	6.00%	Nov-12
Rogers Notes Payable (current)	-	2.0	12.00%	Aug-15
Roger's Notes Payable	-	5.9	12.00%	Aug-15
Total Debt	\$ 22.0	\$ 7.9		
Equity				
Series A Convertible Preferred Stock	3.1	3.1		
Shareholders' Equity	\$ 29.1	\$ 30.7		
Total Capitalization	\$ 51.1	\$ 38.6		
Total Debt (E. Preferred) / Total Capitalization	43.1%	20.5%		
Total Debt (E. Preferred) / Total Assets	34.4%	18.9%		
Other Items				
Current Assets	\$ 5.1	\$ 5.0		
Current Liabilities	31.8	2.8		
Working Capital	(26.7)	2.1		
Asset Retirement Obligations	1.2	0.9		

- Significantly reduced total debt as percent of total capitalization and total assets
- Raised additional capital of \$7.5M through a Family Office, \$3.3M of common equity from Ironman Energy Capital

FY2014 Q3 Results - Trends

Revenue & Expense Trends



Commentary

- Over last twelve months, Lucas trimmed its net loss by 41.2%
- Resolved outstanding litigation and associated debt (cancellation of Nordic debt)
- Reduced LOE, G&A and interest expenses by a total of \$3.6M
- G&A reductions reflect a focus on improving efficiency and an overall reduction in employee wage expenses as well as a reduction in consulting, contracting and outsourcing expenses



Nine Month Income Statement Ending 12/31/2013

\$ in thousands

	9 Mos Ended 12/31/2012	9 Mos Ended 12/31/2013	YOY Variance %
Net Operating Revenues	\$ 6,378.5	\$ 4,070.1	(36.2%)
Operating Expenses			
Lease Operating Expenses	3,085.8	1,741.7	(43.6%)
G&A	5,233.5	3,206.6	(38.7%)
Other Operating Expenses	3,211.4	1,921.2	(40.2%)
Total Operating Expense	\$ 11,530.8	\$ 6,869.4	(40.4%)
Interest Expense & Other	1,023.7	834.9	(18.4%)
Net Loss	\$ (6,176.0)	\$ (3,634.2)	(41.2%)

Appendix

Management Team Overview

Years of Experience

Tony Schnur
CEO

20+ Years

- Joined Lucas in 2012; previously spent three years as the interim CEO / CFO of Chroma Oil & Gas, a private equity backed E&P with operations in Texas and Louisiana
- Previously served eight years as an independent executive where he held various non-traditional employee/consultant/CFO/advisor roles
- On three separate occasions, Mr. Schnur has been asked to lead work-out/turn-around initiatives in the E&P space

Ken Sanders
VP of Asset Development

40+ Years

- Joined Lucas in September 2013, after serving as President and CEO of Research Exploration LLC since 2007
- Previously served as President and CEO of Contour Energy where he successfully led a financial turnaround
- Experience at other publicly-traded energy companies includes eight years at Seagull Energy focused on exploitation, acquisitions and engineering, in addition to Shell Oil, and Kerr McGee

Michael Sagan
VP of Operations

35+ Years

- Joined Lucas in June 2013, after serving as Engineering and Operations Manager of Layline Petroleum, where he supervises all drilling, completion, facilities and production operations in TX, LA and ND
- Significant experience drilling horizontals with fracture stimulation in the Austin Chalk, Barnett, Woodford and Fayetteville Shales
- Has maintained various other positions with Hallwood Petroleum, Aspect Energy, Presidio Exploration and Tenneco

Glossary of Terms

Abbreviations Used in the Presentation:

BOE	Barrels of oil equivalent
Mboe	Thousand barrels of oil equivalent
Mbbbls	Thousand barrels (of oil)
Mcfe	Thousand cubic feet equivalent (gas)
PDP	Proved Developed Producing reserves
PUD	Proved Undeveloped reserves
1P	“One P” or Proved Reserves
2P	“Two P” or Proved + Probable Reserves
G&A	General and administrative (expense)
LOE	Lease operating expense
EF	Eagle Ford