

November 10, 2008



Lucas Energy, Inc. Reports Quarterly Results

Company Reports 131 Percent Increase in Revenues; 55 Percent Increase in Production

HOUSTON, Nov. 10, 2008 (GLOBE NEWSWIRE) -- Lucas Energy, Inc. (AMEX:LEI) Lucas ("The Company"), a U.S. based independent oil and gas company reports the financial results from operations for the quarter ended September 30, 2008 which is the second quarter of the Company's fiscal year.

For the quarter the Company reports:

- * An increase in total revenues of 131% to \$998,018 from \$431,673 for the quarter ending September 30, 2007. This increase in revenues was due to an increase in production as well as an increase in the price per barrel received. Production for the quarter ending September 30, 2008 was 8,231 barrels of oil compared to 5,323 barrels of oil for the same period a year ago, an increase of 55%. Average price per barrel was \$119.03 in the first quarter of fiscal year 2009 compared to \$80.51 for the same period a year ago.
- * Net cash provided from operating activities for the quarter ending September 30, 2008 was \$1,161,206
- * Income from operations for the quarter ending September 30, 2008 was \$88,766 compared to income from operations of \$60,269 for the same period a year ago, an increase of 47%.
- * Net loss for the quarter ending September 30, 2008 was \$523,765 or \$0.05 a share compared to net income of \$61,596 or \$0.01 a share for the same period a year ago. Net loss included an unrealized loss on investments of \$879,858 due to a decline in trading price of the Bonanza Oil and Gas Inc. shares held as investment.
- * Adjusted EBITDA increased to \$264,896 or \$.0.03 per share for the quarter ending September 30, 2008, an increase of 52% from \$174,541 for the same period as a year ago.

For the 6 months ending September 30, 2008 the Company reports:

- * An increase in total revenues of 147% to \$2,321,822 from \$936,487 for the six months ending September 30, 2007. This increase in revenues was due to an increase in production as well as an

increase in the price per barrel received. Production for the six months ending September 30, 2008 was 18,877 barrels of oil compared to 13,257 barrels of oil for the same period a year ago, an increase of 42%. Average price per barrel was \$121.34 in the six months of fiscal year 2009 compared to \$69.36 for the same period a year ago.

- * Net cash provided from operating activities for the six months ending September 30, 2008 was \$1,604,535
- * Income from operations for the six months ending September 30, 2008 was \$674,867 compared to \$169,262 for the same period a year ago, an increase of 299%.
- * Net income for the six months ending September 30, 2008 was \$866,365 or \$0.08 a share compared to net income of \$160,262 or \$0.02 a share for the same period in 2007. Net income included an unrealized gain on investments of \$765,457 due to an increase in trading price of the Bonanza Oil and Gas Inc. shares held as investment.
- * Adjusted EBITDA increased to \$931,334 or \$.0.09 per share for the six months ending September 30, 2008, an increase of 172% from \$342,462 for the same period a year ago.

Highlights from the quarter include:

- * The lateral extension of the Hagen Ranch No.3 well which commenced in mid-September 2008 was completed in late October with an initial production rate of 175 BOPD and, after testing, was producing on pump at a rate of 84 BODP and 35 MCFPD with no water. The initial well bore was drilled to a depth of 9,570 feet and lateral extended an additional 1,300 feet from the well bore.
- * Approximately 800 gross acres of leases in Gonzales County, Texas were acquired during the quarter ending September 30, 2008 as part of our on-going leasing program and we now control over 12,000 gross acres.
- * On October 8, 2008 a senior secured revolving line of credit facility with Houston-based Amegy Bank was closed which provides an initial borrowing base of \$3,000,000 and is collateralized by certain proved developed producing properties. The line of credit proceeds will be used to finance trade payables, fund on-going lateral drilling and revitalization programs, finance leasehold acquisitions, and for working capital purposes.

Management Comments

W.A. Sikora, President and CEO of Lucas commented, "Management and our directors are pleased with the results of the quarter and believe we are positioned for significant growth in the upcoming quarters. Although production was down from the previous quarter, that was due to several of our highest producing wells being temporarily shutdown for scheduled maintenance and reworking in order to restore and increase future production. Production has increased in the third quarter and we expect production rates to continue to move upward for the remainder of the fiscal year. If you exclude the unrealized loss on marketable securities, which resulted from a mark-to-market accounting adjustment having no impact on

our cash flow, we reported a strong quarter and are well positioned in our core area of operations to continue our growth in reserves, production, cash flow and profitability."

The Company filed a form 10-Q with the Securities and Exchange Commission today which contains complete details of the results of operations for the second quarter of fiscal year 2009.

About Lucas Energy

Lucas Energy, Inc. (AMEX:LEI) is an independent crude oil and gas company building a diversified portfolio of valuable oil and gas assets in the United States. The company is focused on identifying underperforming oil and gas assets, which are revitalized through a process of evaluation, application of modern well technology, and stringent management controls. This process allows the company to increase its reserve base and cash flow while significantly reducing the risk of traditional exploration projects. The Company's headquarters are located at 3000 Richmond Avenue, Suite 400, Houston, Texas 77098.

The Lucas Energy logo is available at <https://www.globenewswire.com/newsroom/prs/?pkgid=4192>

Forward-Looking Statement

This Press Release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Act of 1934. A statement identified by the words "expects," "projects," "plans," "feels," "anticipates" and certain of the other foregoing statements may be deemed "forward-looking statements." Although Lucas Energy believes that the expectations reflected in such forward-looking statements are reasonable, these statements involve risks and uncertainties that may cause actual future activities and results to be materially different from those suggested or described in this press release. These include risks inherent in the drilling of oil and natural gas wells, including risks of fire, explosion, blowout, pipe failure, casing collapse, unusual or unexpected formation pressures, environmental hazards, and other operating and production risks inherent in oil and natural gas drilling and production activities, which may temporarily or permanently reduce production or cause initial production or test results to not be indicative of future well performance or delay the timing of sales or completion of drilling operations; risks with respect to oil and natural gas prices, a material decline in which could cause the Company to delay or suspend planned drilling operations or reduce production levels; and risks relating to the availability of capital to fund drilling operations that can be adversely affected by adverse drilling results, production declines and declines in oil and gas prices and other risk factors. The complete filing is available at <http://www.sec.gov>

LUCAS ENERGY, INC.

Consolidated Statements of Operations
For the Three and Six Months September 30, 2008 and 2007
(Unaudited)

For the
Three Months
Ended

For the
Six Months
Ended

| | Sept. 30, 2008 | Sept. 30, 2007 | Sept. 30, 2008 | Sept. 30, 2007 |
|--|---------------------|-------------------|-------------------|-------------------|
| REVENUES | 998,018 | 431,673 | 2,321,822 | 936,487 |
| EXPENSES | <u>909,252</u> | <u>371,404</u> | <u>1,646,955</u> | <u>767,225</u> |
| INCOME FROM OPERATIONS | 88,766 | 60,269 | 674,867 | 169,262 |
| OTHER INCOME (EXPENSES) | <u>(875,617)</u> | <u>43,653</u> | <u>646,052</u> | <u>(35,751)</u> |
| NET INCOME (LOSS) BEFORE INCOME TAXES | (786,851) | 103,922 | 1,320,919 | 133,511 |
| INCOME TAX EXPENSE (BENEFIT) | <u>(263,086)</u> | <u>42,326</u> | <u>454,554</u> | <u>46,249</u> |
| NET INCOME (LOSS) | <u>\$ (523,765)</u> | <u>\$ 61,596</u> | <u>\$ 866,365</u> | <u>\$ 87,262</u> |
| UNREALIZED HOLDING GAIN (LOSS) ON MARKETABLE EQUITY SECURITIES | <u>--</u> | <u>43,000</u> | <u>--</u> | <u>73,000</u> |
| COMPRE- HENSIVE INCOME (LOSS) | <u>\$ (523,765)</u> | <u>\$ 104,596</u> | <u>\$ 866,365</u> | <u>\$ 160,262</u> |
| INCOME (LOSS) PER SHARE - BASIC AND DILUTED | \$ (0.05) | \$ 0.01 | \$ 0.08 | \$ 0.02 |

| | | | | |
|---|------------|-----------|------------|-----------|
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC AND DILUTED | 10,241,407 | 9,346,629 | 10,243,785 | 8,402,555 |
|---|------------|-----------|------------|-----------|

Use of Non-GAAP Financial Measures

Adjusted EBITDA

In evaluating our business, we consider earnings before interest, taxes, depreciation, depletion, amortization, unrealized gains and loss on investments, stock-based compensation expense and accretion of abandonment liability ("Adjusted EBITDA") as a key indicator of financial operating performance and as measure of the ability to generate cash for operational activities and future capital expenditures. Adjusted EBITDA is not a Generally Accepted Accounting Principle ("GAAP") measure of performance. We use this non-GAAP measure primarily to compare our performance with other companies in the industry that make a similar disclosure and as a measure of our current liquidity. We believe that this measure may also be useful to investors for the same purpose and as an indication of our ability to generate cash flow at a level that can sustain or support our operations and capital investment program. Investors should not consider this measure in isolation or as a substitute for income from operations, or cash flow from operations determined under GAAP, or any other measure for determining operating performance that is calculated in accordance with GAAP. In addition, because Adjusted EBITDA is not a GAAP measure, it may not necessarily be comparable to similarly titled measures employed by other companies.

Reconciliation of Adjusted EBITDA

| | Three Months Ended | | Six Months Ended | |
|---|-----------------------|-------------------|---------------------|-------------------|
| | Sept. 30, 2008 | Sept. 30, 2007 | Sept. 30, 2008 | Sept. 30, 2007 |
| Net Income (Loss) | \$ (523,765) | \$ 104,596 | \$ 866,365 | \$ 160,262 |
| Add Back: | | | | |
| Interest | 102 | 18,730 | 102 | 101,877 |
| Income Tax Expense (Benefit) | (263,086) | 42,326 | 454,554 | 46,249 |
| Depreciation, Depletion and Accretion | 160,659 | 51,889 | 364,642 | 107,074 |
| Unrealized (Gain) Loss on Investments | 879,858 | (43,000) | (765,457) | (73,000) |

| | | | | |
|-----------------------------|------------|------------|------------|------------|
| Stock Based Compensation | 11,128 | -- | 11,128 | -- |
| | ----- | ----- | ----- | ----- |
| Adjusted EBITDA | \$ 264,896 | \$ 174,541 | \$ 931,334 | \$ 342,462 |

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