LUCAS ENERGY

NYSE MKT: LEI

Segundo Resources, LLC

# CAMBER ENERGY INCORPORATED

## ACCELERATING INTO THE CURVE

**Investor Presentation**

APRIL 2016

# Forward-Looking and Cautionary Statements

**On December 29, 2015 Lucas Energy, Inc. (NYSE MKT: LEI) ("Lucas" or the "Company") announced the signing of a purchase agreement to acquire working interests in producing properties and undeveloped acreage located in Central Oklahoma. This presentation is accompanied by a conference call (held on January 21, 2016) where certain facts and details presented herein are explained in greater detail. The acquisition has not yet been consummated therefore the presentation assumes a closing will occur. References to "acquired" and "acquires" are forward looking and only in effect following a closing of the transaction whereby Lucas will change its name to Camber Energy Inc.**

The information discussed in this presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, subject to various risks and uncertainties that could cause the Company's actual results to differ materially from those in the "forward-looking" statements. Although Lucas 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 presentation.

These risks and uncertainties include, but are not limited to: the occurrence of any event, change or other circumstances that could give rise to the termination of the asset purchase agreement; and the inability to complete the transaction due to the failure to satisfy any of the conditions to completion of the transaction. These also include risks inherent in natural gas and oil drilling and production activities, including risks of fire, explosion, blowouts, pipe failure, casing collapse, unusual or unexpected formation pressures, environmental hazards, and other operating and production risks, 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; delays in receipt of drilling permits; risks with respect to natural gas and oil prices, a material decline which could cause Lucas to delay or suspend planned drilling operations or reduce production levels; 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 natural gas and oil prices; risks relating to unexpected adverse developments in the status of properties; risks relating to the absence or delay in receipt of government approvals or fourth party consents; and other risks described in Lucas's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other filings with the SEC, available at the SEC's website at www.sec.gov.

Investors are cautioned that any forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from those projected. The forward-looking statements in this press release are made as of the date hereof. The Company takes no obligation to update or correct its own forward-looking statements, except as required by law, or those prepared by third parties that are not paid for by the Company. The Company's SEC filings are available at http://www.sec.gov.

# Important Information

In connection with the planned acquisition described below, Lucas currently intends to file a registration statement and a proxy statement with the Securities and Exchange Commission (the "SEC"). This communication is not a substitute for any proxy statement, registration statement, proxy statement/prospectus or other document Lucas may file with the SEC in connection with the proposed transaction. Prospective investors are urged to read the registration statement and the proxy statement, when filed as they will contain important information. Any definitive proxy statement(s) (if and when available) will be mailed to stockholders of Lucas. Prospective investors may obtain free copies of the registration statement and the proxy statement, when filed, as well as other filings containing information about Lucas, without charge, at the SEC's website (www.sec.gov). Copies of Lucas' SEC filings may also be obtained from Lucas without charge at Lucas' website (www.lucasenergy.com) or by directing a request to Lucas at (713) 528-1881. This document does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**INVESTORS SHOULD READ THE PROXY STATEMENT AND OTHER DOCUMENTS TO BE FILED WITH THE SEC CAREFULLY BEFORE MAKING A DECISION CONCERNING THE TRANSACTION.**

# Participants in Solicitation

Lucas and its directors and executive officers and other members of management and employees are potential participants in the solicitation of proxies in respect of the proposed transaction. Information regarding Lucas' directors and executive officers is available in Lucas' Annual Report on Form 10-K for the year ended March 31, 2015, filed with the SEC on July 14, 2015 and Lucas' definitive proxy statement on Schedule 14A, filed with the SEC on February 9, 2015. Additional information regarding the interests of such potential participants will be included in the registration statement and proxy statement to be filed with the SEC by Lucas in connection with the proposed transaction and in other relevant documents filed by Lucas with the SEC. These documents can be obtained free of charge from the sources indicated above. Additional information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement and other relevant materials to be filed with the SEC when they become available.

## First Step

**Lucas Energy Announces Entry Into Mid-Continent With Agreement To Acquire Hunton Properties**

**December 31, 2015 – Houston, Texas** – Lucas Energy, Inc. (NYSE MKT: LEI) announced today that is has signed a purchase agreement to acquire, from 21 different entities and individuals, working interests in producing properties and undeveloped acreage. The assets being acquired include varied interests in two largely contiguous acreage blocks in the liquids-rich Mid-Continent region.

**Source: Press Release (12/31/15)**

# *ESTABLISHED STRATEGIC DIRECTION*

***The to be formed Camber is a platform for growth of oil, gas and liquids assets that provide:***

*i. The Predictability of a Resource Play,*

*ii. Longer Lived Reserves,*

*iii. A Lower Cost of Entry.*

# Investment Highlights

**Strong , Long-Lived Reserve Base**

- Attractive, low decline long-life reserves
- High BTU content liquids representing 53% of product mix
- 1,200 BOE/d Net Daily Production as of 12/31/15
- 7.7 MMBOE 2P Reserves as of 12/31/15

**Well Positioned HBP Acreage**

- ~10,000 net acres in Central Oklahoma across Lincoln, Logan and Payne counties
- ~553 net acres in West Texas in Glasscock county
- Expansion of interests through WI acquisition, additional leasing & forced pooling
- Expansion potential in additional formations and beyond existing leasehold

**Significant Drilling and Development Potential**

- Significant undeveloped acreage position
- Statistically predictable drilling results
- 60 Hunton drilling locations identified
- Prue Sand development locations in review

**Strengthened Balance Sheet and Cost Structure**

- Transaction to be financed through reserve based bank lending facility providing a $40 million borrowing base for 36 months at 5.5% annual Interest
- Consolidated Working Interests of 21 different entities
- Lucas transferred $7.0 million of secured debt to SPV non-recourse to Lucas Energy, Inc.

**Proven Leadership and Technical Expertise**

- Richard N. Azar II, pioneered the vertical, then horizontal Hunton dewatering play in Central Oklahoma beginning in 1992
- Anthony C. Schnur, twenty five year professional with significant E&P executive management experience, including capital formation and restructuring
- Kenneth R. Sanders, professional petroleum engineer with over 40 years experience including executive management, reservoir engineering and operations.

## Lucas Energy Inc. (the Buyer)

**Since 2013, Lucas Energy has gone through widespread changes: restructuring its management team, capital structure and overall strategic vision.**

**NYSE MKT listed Houston, TX based E&P Company**

- New Management successfully remediated company financial and operational issues
- Temporary Commodity Price Setbacks Overcome

**Significant proved acreage position held in Subsidiary**

- 8,000 net acres in South & East Texas
- Approximately 95% held by production
- Abundant drilling opportunity in existing leasehold

**Significant Acquisition Opportunity (Segundo)**

- Shallow Production and Drilling
- 8 Million BOE Proved (P1) Reserves
- 1,200 BOE/Day current production
- $54.8 P1 PV10 ($46.4 PDP, $8.6 PUD)
- Additional ‘Contingent PUD’ value due to forced pooling

## Segundo Resources, LLC (the “Sellers”)

**Segundo Resources, LLC is a joint venture management company managed by Mr. Richard Azar.**


- The acquisition is made up of 21 different individuals and entities who have made direct investment in the Hunton properties to be acquired and referred to collectively as “Segundo”. Mr. Azar has an ownership stake in some but not a majority of the private entities from whom the interests are being purchased.
- The parties who have elected to sell their interests, largely for stock, have done so individually.
- Importantly, Mr. Azar, who has been active in the Hunton play for nearly 20 years, will be joining the new Camber as its Executive Chairman.

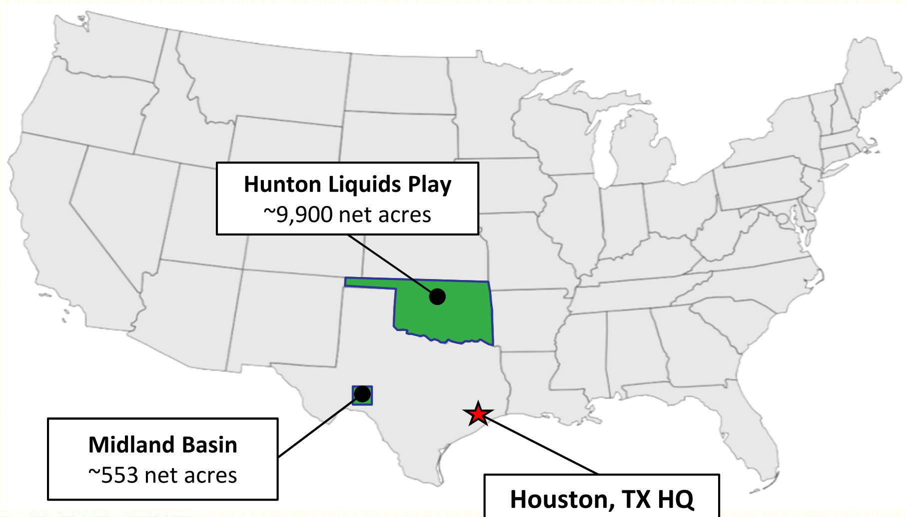
## Acquisition Overview

**The pending acquisition of assets managed by Segundo Resources, LLC spurred the planned creation of Camber Energy, Inc. [(1)]**

[(1)] This transaction is subject to certain closing conditions pursuant to the Asset Purchase Agreement dated December 30, 2015. If all conditions are not met, the proposed acquisition will not be completed.

### Deal Overview

- Cash payment of $4.975MM
- Issuance of 13.0MM shares of LEI common shares
- Issuance of $13.8MM of preferred stock
- Assumption of $31.4MM of senior bank debt
- 10% / 90% split between existing LEI and Segundo stockholders upon closing




### Asset Overview

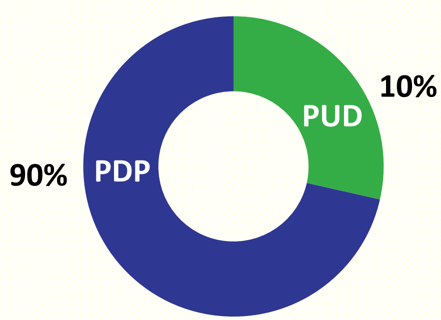
- Interest in 115 gross (25 net) producing wells
- Current net production of 1,200 BOE/d
  - ✓ 47% gas, 47% NGL, 6% oil
- 10,000 net acres in Lincoln, Logan and Payne Counties, Oklahoma
- 553 net acres in Glasscock County, Texas
  - ✓ Asset to be Divested as Non-core
- Transportation, gathering and saltwater disposal infrastructure on-site
- Upside for in-field optimization and additional prospective formations

# Camber Oklahoma Asset Base

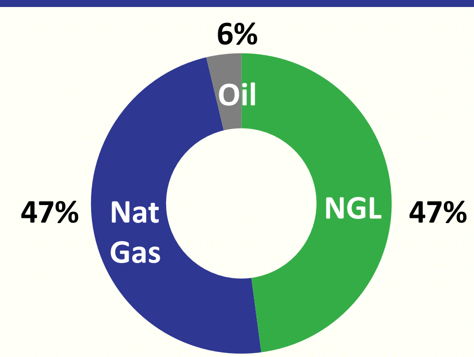
# Asset Overview


| | |
|---|---|
| **Net Acres, Oklahoma** | **~9,900 Acres** |
| **Average Production – Q4’ 15** | **1,200 BOE/d** |
| **% Liquids (Oil + NGL)** | **53% (6% + 47%)** |
| **Proved + Probable Reserves** | **16.3 MM BOE** |
| Proved Reserves | 6.9 MM BOE |
| Probable Reserves | 9.3 MM BOE |
| **Drilling Inventory** | **60+ locations** |

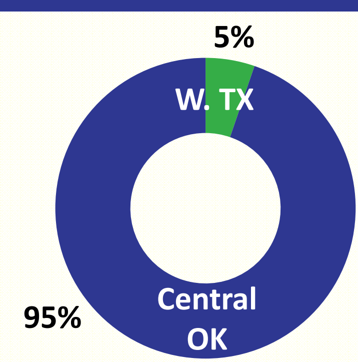
## BY CATEGORY




## BY PRODUCT




## BY AREA

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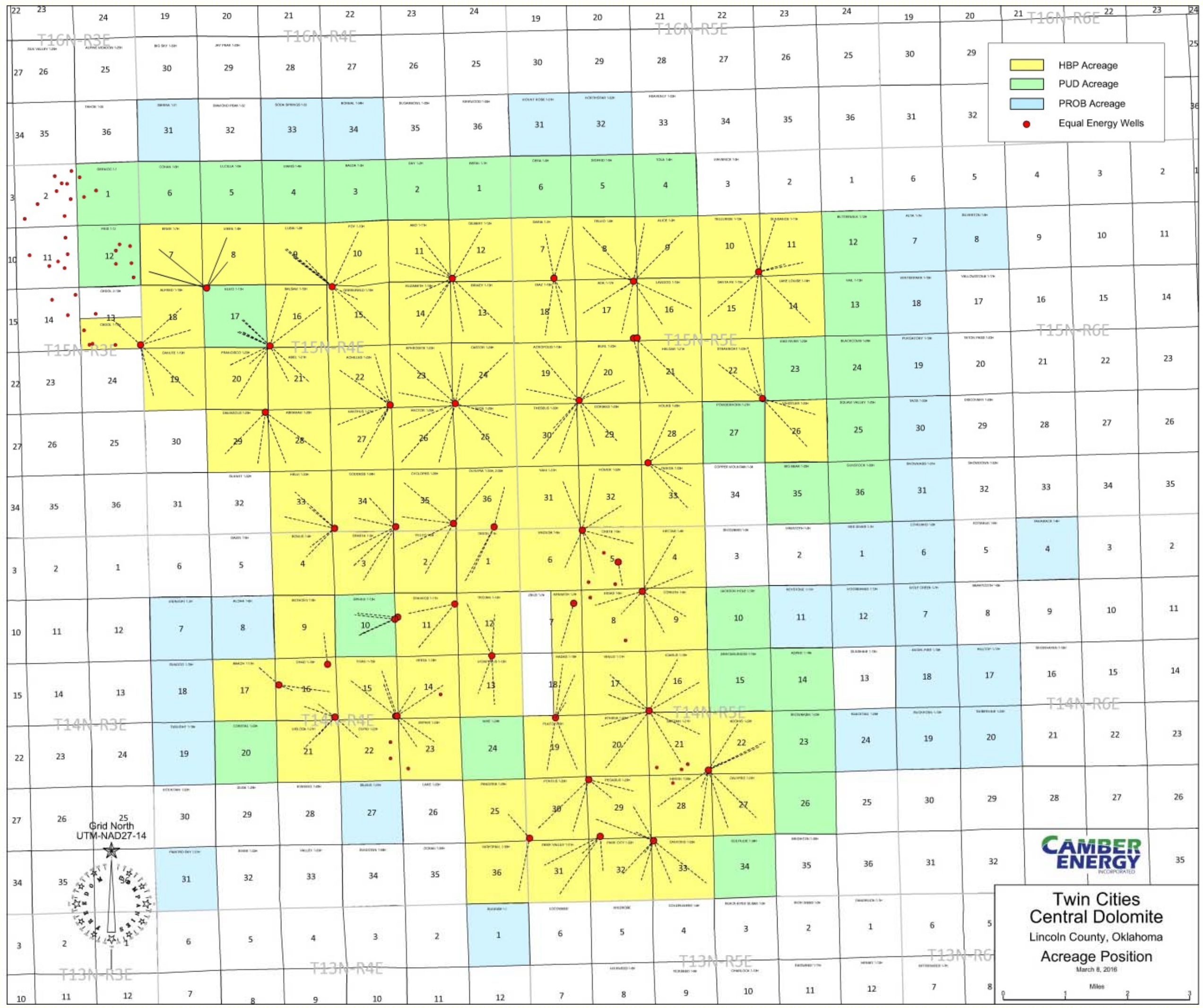
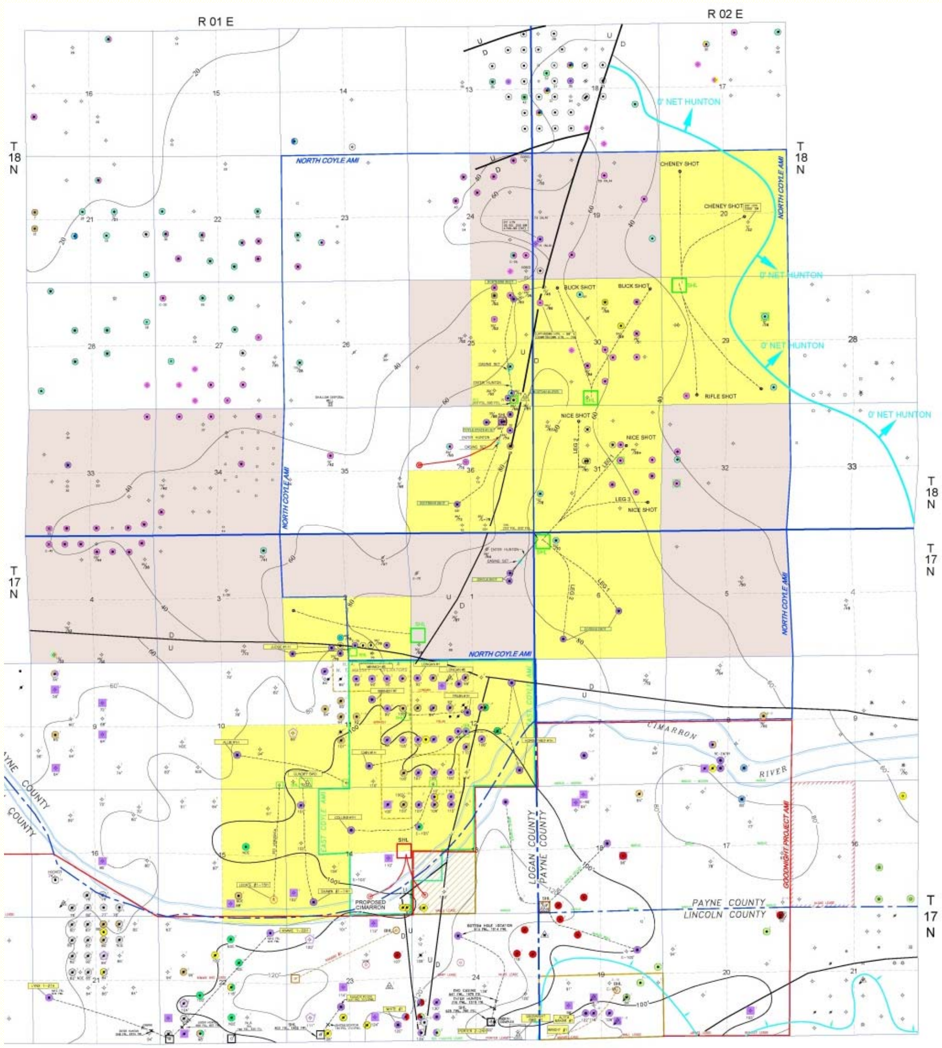
# Hunton Oklahoma – Lincoln County (Twin Cities)

- 60 currently producing wells/53 Horizontal
- 13.3% average working interest and associated net revenue interest of 10.6%
- 30% Interest in Undeveloped locations
- Operated by privately-held Equal Energy
- Operating under a Joint Operating Agreement:
  - ✓ Participation rights
  - ✓ Well proposal rights
  - ✓ Access & Ownership of Infrastructure




Proved Producing | Proved Undeveloped | Probable

# Hunton Oklahoma – Payne & Logan Counties (Coyle Field)




Proved Producing  Undeveloped Drilling Locations

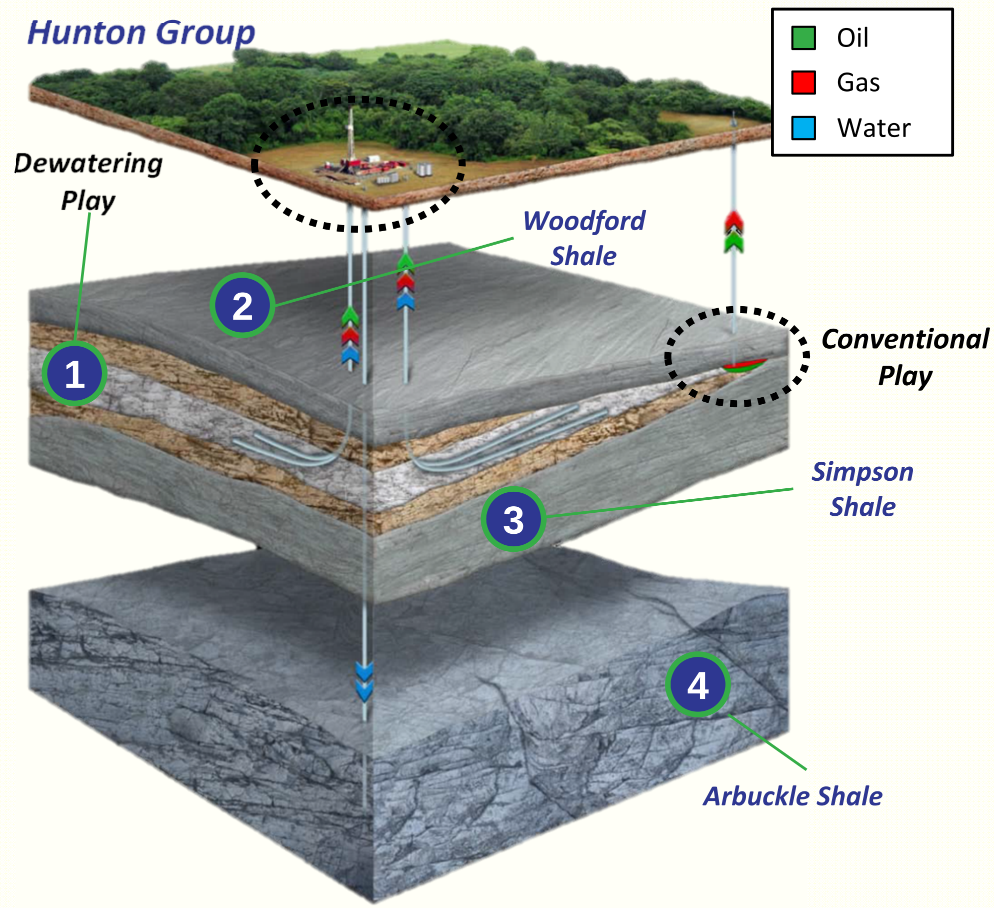
- 15 currently producing wells
- 7 shut-in wells are future recompletion opportunities
- 3 privately-owned SWDs
  - All 3 SWDs plumbed together allows flexible water distribution and downtime protection
  - Excess disposal capacity is a long-term opportunity as a commercial SWD facility
- Drillable Locations in pricing recovery
  - 10+ potential Hunton locations easily tied into current infrastructure
  - Several potential Mississippian locations easily tied into current infrastructure – American Energy Partners & Devon wells nearby

# Hunton Play Technical Aspects

# Hunton Carbonate Play

**The Hunton play is found in a limestone formation stretching over 2.7 million acres in Oklahoma and in surrounding states of Texas, Arkansas and New Mexico, characterized largely by high quality oil and high BTU content natural gas production.**

- The Hunton is a dual porosity carbonate system of oil-wet primary porosity and water-saturated secondary porosity located in north-central Oklahoma
- Primarily a liquids-rich, high-BTU gas, light oil play with high water/hydrocarbon production ratios, which has been largely ignored by the industry
- New drilling and production techniques have enabled profitable development over the last decade
- Extensive dewatering lowers reservoir pressure allowing the liberation and mobilization of oil, natural gas and NGLs from smaller rock pores
- High volumes of saltwater must be removed in order to reduce pressure sufficiently to allow gas to produce from the reservoir




Source: Equal Energy

# Drilling & Production

## New drilling and production techniques have enabled profitable development over the last decade; advances largely initiated by Segundo

### Drilling Techniques

- Multi-well pads exploit up to 4 square miles of resources
- Single and dual horizontal drilling techniques are used
  - ✓ Long horizontals allow rapid de-pressuring of the reservoir liberating hydrocarbons from tighter rock
  - ✓ Multi-lateral drilling improves productivity
  - ✓ Open hole completions maximize exposure to permeability and porosity

## Extensive dewatering lowers reservoir pressure allowing the liberation and mobilization of oil, natural gas and NGLs

### Production Characteristics

- Wells display unusual production characteristics in the form of convex shaped production plot over time
- Water is present within high permeability zones and is produced first which results in decreased reservoir pressure
- Hydrocarbons are trapped in low permeability oil wet matrix pore systems and the high permeability system is water filled, known as differential entrapment

# Field Wide Efficiencies and Water Disposal

## 1 Infrastructure Requirements

- Electric, Natural Gas transport availability at every wellhead,
- High Volume Saltwater disposal availability at every wellhead
- Gas processing facilities in or nearby field

## 2 Saltwater Disposal Requirements

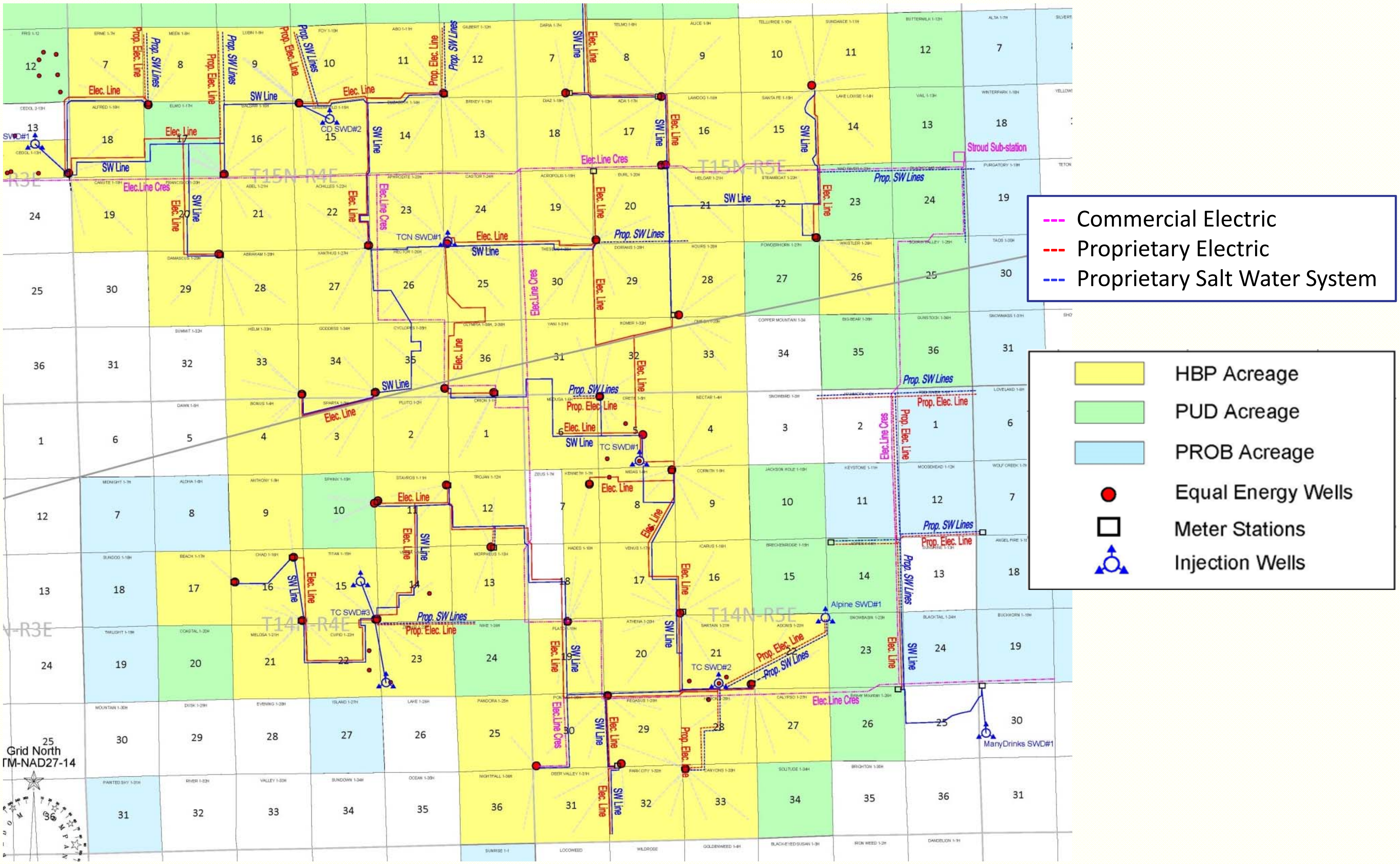
- Disposal into depleted formations
- Move & Dispose up to/over 60,000 barrels per day of water
- Ability to Service up to 12 wells or more
- Gas processing facilities in or nearby field

## 3 Efficiencies of the Equal/Camber system

- Large, contiguous lease position allowing for infrastructure efficiency
- Company owned electrical grid (Camber Rights)
- Company salt water disposal facilities (Camber Rights)
- Company SWD gathering system(Camber Rights)
- Fully inter-connected SWD gathering system
- Extensive Gas Gathering system in place

**Privately owned infrastructure affords cost savings and customization to the operations; as well as creates a high barrier to entry to potential competitors/new entrants.**

# Field Level Infrastructure

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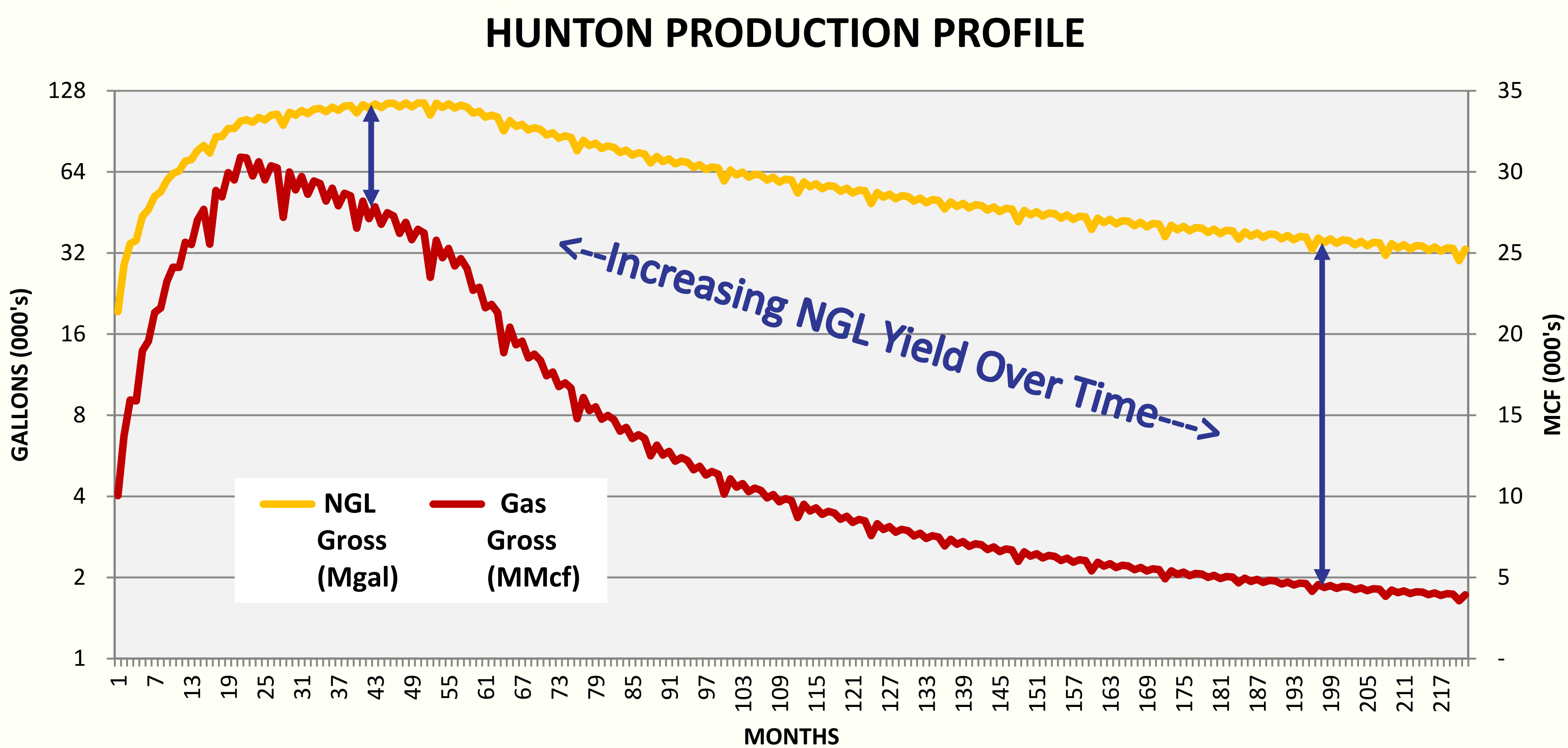
## Camber Curve

**cam • ber** | *kambər* | *(noun)* - a slightly convex or arched shape



# Compare & Contrast Illustration: Hunton vs. Eagle Ford

## Comparing the same $2 million dollar investment in each play:

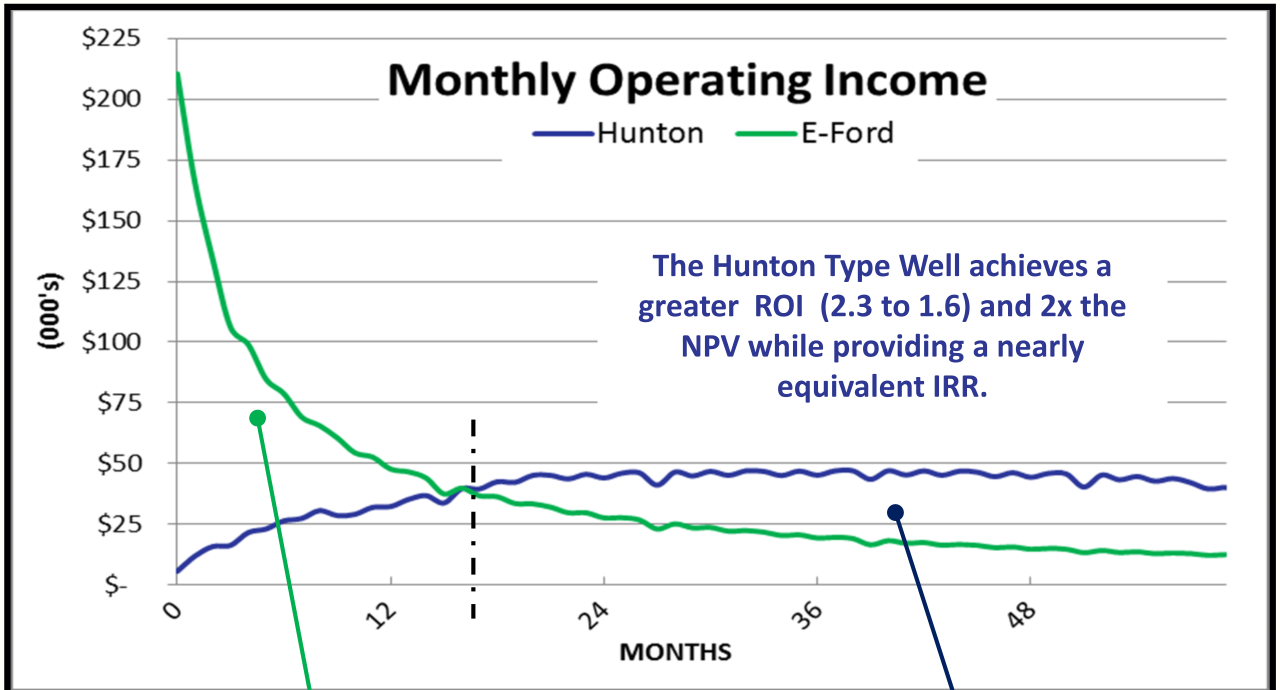
***Assumptions:***

| Type Curve | Hunton |
|---|---|
| • Initial Rate | 800 Mcf/day |
| • EUR | 900 Mboe |
| • D&C 8/8ths | $2.0 Mill |
| • WI | 100% |
| • NRI | 80% |
| ***• Net Investment*** | ***$2.0 Mill*** |

| Type Curve | E-Ford |
|---|---|
| • Initial Rate | 850 Bbl/day |
| • EUR | 500 Mboe |
| • D&C 8/8ths | $8.0 Mill |
| • WI | 25% |
| • NRI | 73% |
| ***• Net Investment*** | ***$2.0 Mill*** |

***Pricing:***

| | |
|---|---|
| • Oil | $48/Barrel |
| • Nat Gas | $2.75/Mcf |
| • NGL's | $0.47/Gallon |




The Eagle Ford type well delivers 45% of it's total operating income in the initial 17 months contributing to a favorable IRR profile but delivering only 70% of the total income of the Hunton.

The Hunton type well delivers 89% of its total operating income after the initial 17 months. This is a result of a much flatter decline which provides greater stability.

***Notes:***

1) The Price Deck utilized are the average (flat) prices of the January 5, 2016 forward curve.
2) The production profiles utilized above are internally generated estimates based on reasonably expected outcomes.
3) The Drilling & Completion costs are known AFE costs from the fall of 2014. We would anticipate that today's costs would be substantially lower.

# Compare & Contrast Illustration: Hunton vs. Eagle Ford

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***Pricing:***

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| • Oil | $48/Barrel |
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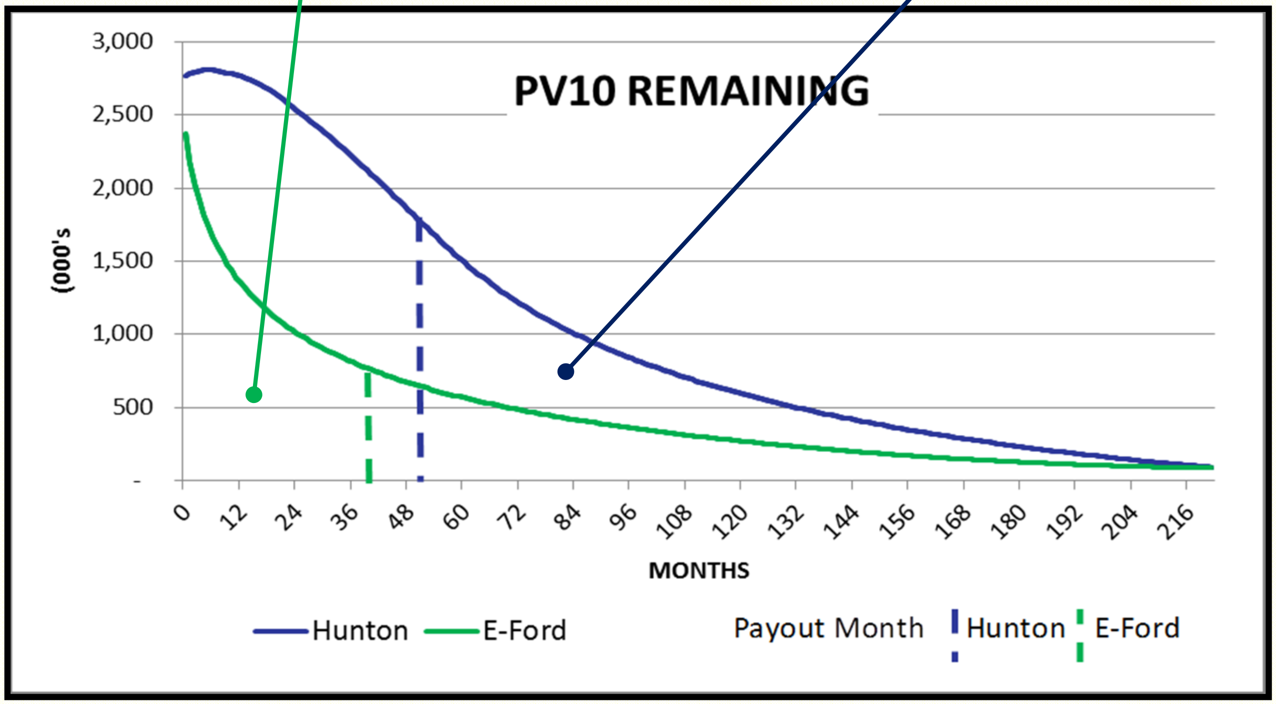
The Eagle Ford type well pays out in 40 months, however, the PV10 of the remaining cash flow is only 31% of the total PV10 – less than half of the financial capacity provided by the Hunton.

The Hunton type well pays out in 50 months and the PV10 of the remaining cash flow is over 60% of the total PV10. We expect the Hunton will deliver a greater financial capacity into the future.

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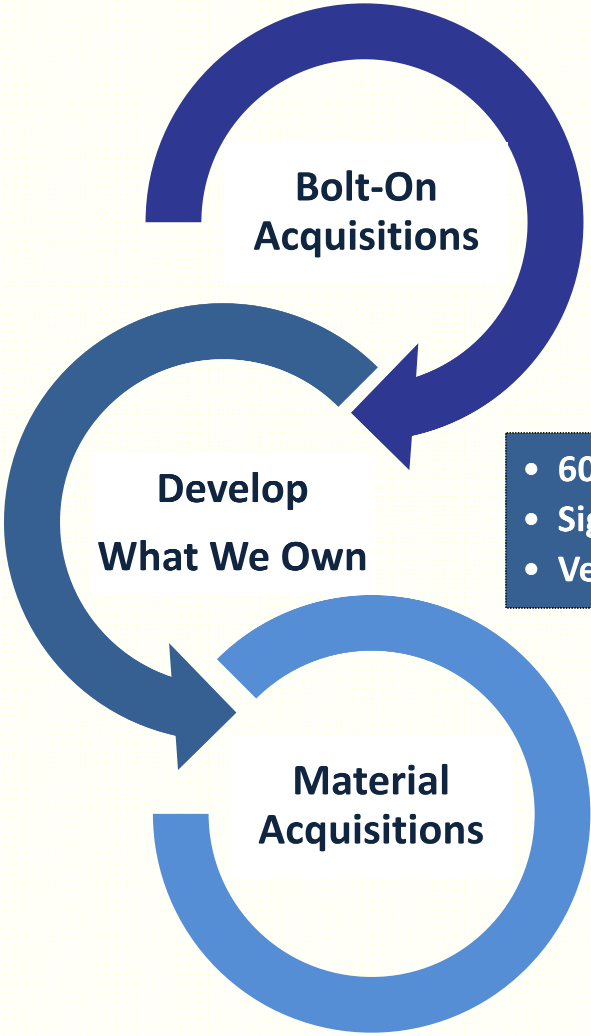
## Camber Growth

## Three Prong Growth Potential

**The Company plans to attain significant growth through three value engines:**




- Working Interest Consolidation
- Pooling Potential
- Production & Leasehold Expansion

- 60+ Drilling Locations
- Significant Production with Running Room
- Vertical Development of Stacked Pay Zones

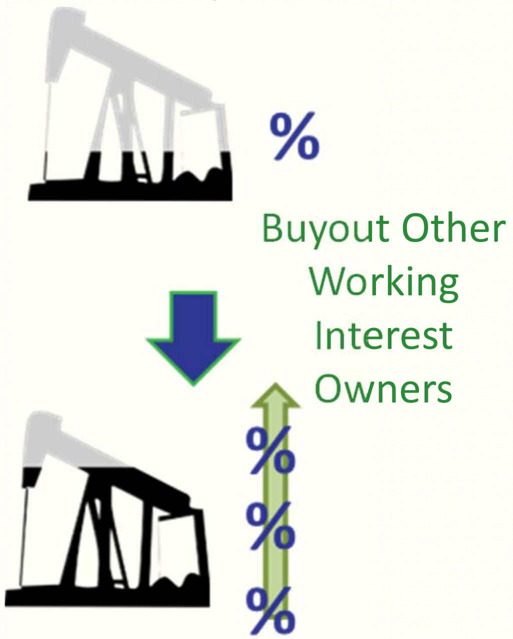
- Analogous Project Possibilities
- Focus on Camber Technical Efficiency
- Low Cost of Entry at this point in cycle

# "Bolt-On" Expansion Opportunities

**A**

## Ownership Expansion

**(Additional Working Interests)**

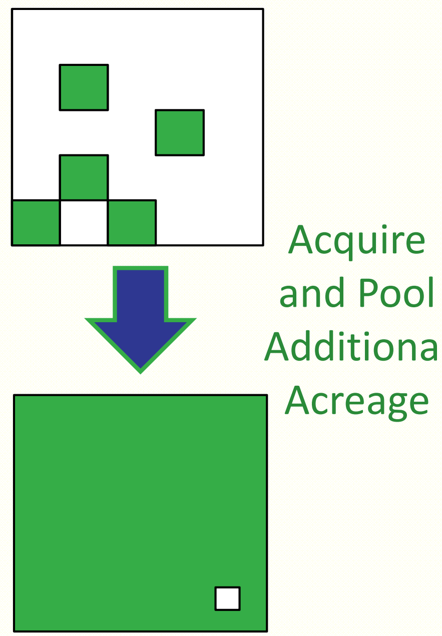



*Acquisition and aggregation of additional working interests within the same core assets.*

**B**

## Leasehold Expansion

**(Additional Acreage – "Pooling")**

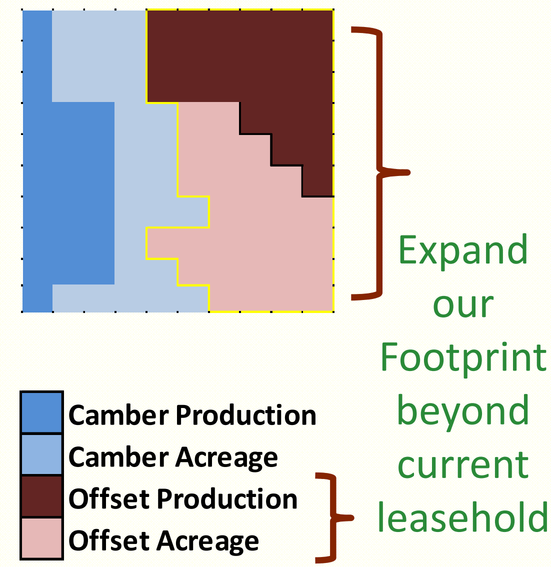



*Acquisition of additional leasehold within the core area of interest through the use of forced pooling.*

**C**

## Acreage & Production Expansion

**(Offset / Nearby)**



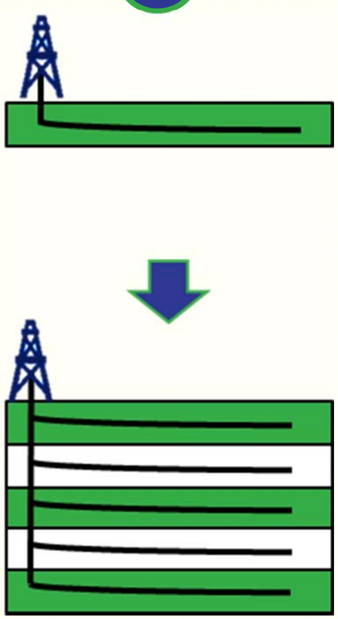

*Acquisition of offset or nearby production and acreage is an efficient use of capital when combined to existing infrastructure.*

## Drill What We Own

### A Hunton Locations

- 60+ Identified Locations
- 10 Proved to date (anticipate this number increasing)
- 6 Initial Proved Wells to be drilled identified
- Targeting initial drilling in Q2 2016

### B Vertical Expansion (Additional Zones – "Stacked Pay")



***From top to bottom there are 19 potentially productive zones* that may be developed at various depths within the existing acreage. Other Notable Sands/Formations Present in Camber Acreage:***

- Shallow Pennsylvanian formations such as the Bartlesville, Redfork and Skinner,
- Prue Sand – high priority target
- Mississippi Lime – 'nearby' development
- Woodford Shale – present and being developed (American Energy Partners, Devon, Chesapeake)

**Not all 19 zones are present in each area of the acreage, but rather are found in various places across the acreage position.*

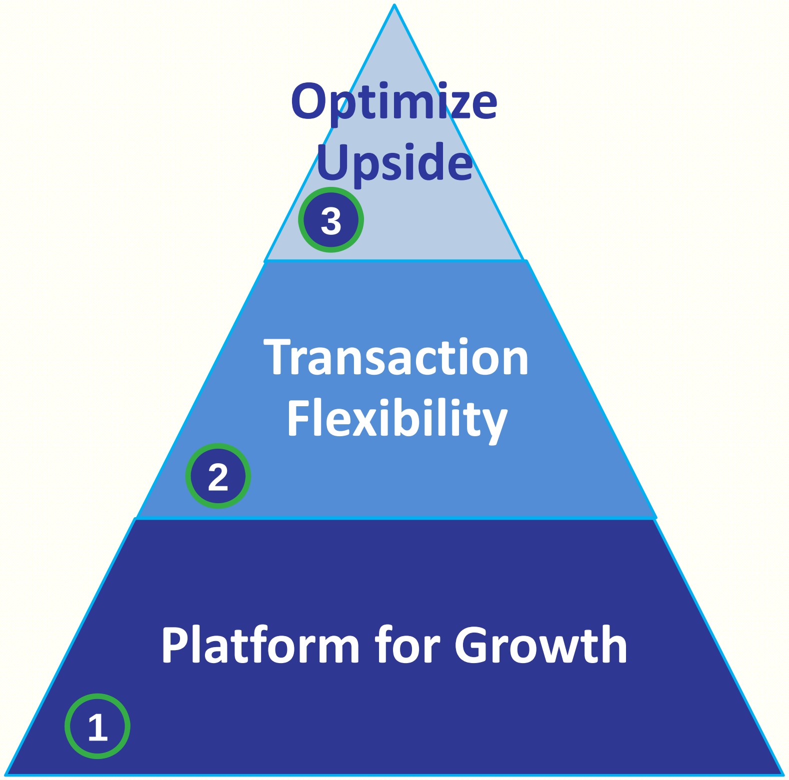
## Expansion Through Acquisition

**Reserves and production can be acquired at favorable valuations which provides substantial growth opportunities with the right platform. The current oil price environment presents an unusual opportunity to establish that platform and grow in the E&P space.**

1. **Platform for Growth |** The formation of Camber with a NYSE MKT listing and combination of operational, management, financial and restructuring wisdom have come together at this pivotal time to provide the right platform for substantial growth opportunities.

2. **Transaction Flexibility |** Camber can acquire assets using less cash by utilizing more structured transactions such as earn-outs, conditional option payments; convertible debt and other structures which not only favors buyers with financial wherewithal, but buyers with marketable equity upside .

3. **Optimization Upside |** The Camber team is not only experienced in the operation of various properties including that of significant water distribution and disposal, but also in the management and financial restructuring of troubled properties and entities. This group has the cumulative wisdom through those experiences to manage more efficiently - operationally and fiscally.



# Leadership & Management

| | |
|---|---|
| ***Richard N. Azar II***<br>*Executive Chairman & Key Shareholder* | • Mr. Azar is a partner in San Antonio based Segundo Resources, a private holding company which managed producing oil & gas assets in Central Oklahoma and West Texas<br>• For over 20 years, Mr. Azar has been instrumental in developing the Hunton dewatering resource play in Central Oklahoma through his ownership in several oil & gas ventures, including Altex Resources, Inc.<br>• Mr. Azar is currently a director at Petroflow Energy Corp., an independent exploration and production company based in Tulsa, Oklahoma |
| ***Anthony C. Schnur***<br>*Director, President & Chief Executive Officer* | • Joined Lucas as CFO in 2012; led Lucas turnaround as CEO, cleaning the capital structure and made significant cost cuts; 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<br>• Previously served eight years as an independent executive where he held various non-traditional employee/consultant/CFO/advisor roles<br>• Mr. Schnur has been asked to lead several work-out/turn-around initiatives in the E&P space |
| ***Kenneth R. Sanders***<br>*Senior Vice President & Chief Operating Officer* | • Joined Lucas in September 2013, after serving as President and CEO of Research Exploration LLC since 2007<br>• Previously served as President and CEO of Contour Energy where he successfully led a financial turnaround<br>• 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 |

# Directors

- **Richard N. Azar II,** *Executive Chairman, Founding Partner of Segundo Resources, LLC*
- **Anthony C. Schnur,** *Director, President & CEO*
- **Alan Dreeben,** *Director, Director & Owner of Republic National Distributing Company*
- **Robert D. Tips,** *Director, Chairman & CEO of Mission Park Funeral Chapels & Cemeteries*
- **Fred S. Zeidman,** *Director, Chairman of Petroflow Energy Corporation*
- **Fred Hofheinz,** *Director, former Mayor of Houston & Attorney at Williams, Birnberg & Andersen L.L.P.*

## GLOSSARY OF ABBREVIATIONS

| | |
|---|---|
| Bbl | Barrel |
| BOE | Barrel of Oil Equivalent |
| BOE/d | Barrel of Oil Equivalent per Day |
| BTU | British Thermal Unit |
| D&C | Drilling and Completion |
| EUR | Estimated Ultimate Recovery |
| G&A | General and Administrative |
| IRR | Internal Rate of Return |
| LOE | Lease Operating Expense |
| MBOE | Thousand Barrel of Oil Equivalent |
| MCF | Thousand Cubic Feet |
| MCF/d | Thousand Cubic Feet per Day |
| Mgal | Thousand Gallons |
| MM | Million |
| MMBOE | Million Barrel of Oil Equivalent |
| MMcf | Million Cubic Feet |
| NGL | Natural Gas Liquid |
| NPV | Net Present Value |
| NRI | Net Revenue Interest |
| ROI | Return on Investment |
| SPV | Special Purpose Vehicle |
| SWD | Salt Water Disposal |
| WI | Working Interest |

## COMPANY DETAIL

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