

CALGARY, ALBERTA--(Marketwired - May 28, 2015) - [Leucrotta Exploration Inc.](#) ("Leucrotta" or the "Company") (TSX VENTURE:LXE) is pleased to announce a corporate update following the previously announced sale of a portion of its Northeast British Columbia assets. The assets were sold for approximately \$80 million and has left the Company in a strong financial position and with significant flexibility to execute its business plan on its remaining 172 net sections of Montney in the Greater Dawson Area of Northeast British Columbia.

Leucrotta currently has the following characteristics:

- Approximately \$100 million of positive working capital comprised of \$88 million cash plus \$12 million of new equipment held for sale
- No debt and an undrawn \$10 million credit facility
- Approximately 670 boepd of production (80% gas)
- Approximately 1,800 boepd of production (33% light oil and ngl) that will be placed on production over the course of the next 12 months
- 15 million boe of liquids-rich Montney proved plus probable reserves booked based upon an independent engineering evaluation prepared by GLJ Petroleum Consultants Ltd. dated effective December 31, 2014 (only 3 of 172 sections booked)
- 70 liquids-rich Montney development locations identified (15 booked) on 9 Montney development sections
- 163 additional sections of Montney prospective lands in Greater Dawson area with no reserves currently assigned and potential for over 500 Montney locations
- Recent Montney light oil discovery with an estimated 26 million barrels OOIP and 36 billion cubic feet of OGIP per section (no reserves booked as of December 31, 2014)
- Recent Baldonnell light oil discovery with approximately 15 mmbbls of OOIP per section; Leucrotta holds 45 sections of land on the play with no reserves currently booked as of December 31, 2014
- 25 mmcf/d sweet gas plant (100% owned) with a connection to Alliance Pipeline and firm transportation for 5 years

## Strategic Plan

Leucrotta is now fully funded to carry out its plans to delineate and develop its extensive Montney land base.

Between now and the end of Q116, Leucrotta intends to:

- Tie-in the 13-07 Montney oil discovery (IP30 447 boepd - 61% light oil and ngl)
- Construct a battery and water handling facility to produce the Baldonnell light oil discovery (14 day test at 315 bopd with low drawdown on well)
- Drill 4 Montney Development wells at Doe into the Lower Montney Turbidite play; the wells will be drilled off of pads and will be adjacent to Leucrotta's original well that has produced for over a year and is still producing 560 boepd (21% liquids)
- Drill up to 3 Montney horizontal step-out wells in the Greater Dawson area for liquids-rich gas
- Drill up to 2 exploratory vertical wells to gather information on the Upper and Lower Montney on Leucrotta lands located north of the Peace River
- Develop a pipeline and infrastructure plan pending results of the step-out and exploratory wells

The capital program outlined above would cost approximately \$40 million and is flexible in both scope and timing.

After testing and production data is collected on the program above, Leucrotta expects the direction for the remainder of 2016 to continue as follows:

- Construct appropriate additional pipelines and facilities to maximize return on all subsequent drilling
- Drill additional wells on the Montney light oil discovery (possibly changing completion and/or length of well)
- Drill additional wells for Montney liquids-rich gas offsetting successful step-out and/or development wells noted above
- Drill horizontal Montney well offsetting one of the exploratory verticals noted above

## Long Term Strategic Focus

The Montney in the Greater Dawson area is a regional play that contains very large resources of liquids-rich gas and oil per section of land as a result of the pay thickness of the zone and the overpressured nature of the Greater Dawson area. The liquids-rich Montney in the Greater Dawson area has up to 45 bcf of OGIP per section (plus ngl at 40-100 bbls/mmcf) and the Montney Oil has an estimated 26 million barrels of OOIP (plus 36 bcf of liquids-rich solution gas in place) per section. As demonstrated by the sale of the property noted above, significant value can be realized if reserves are proved up.

Leucrotta's long-term focus is to:

- Continue to grow Montney production through low-risk development
- Construct appropriate infrastructure to maintain low operating and capital costs thereby maximizing returns
- Delineate and de-risk Leucrotta's current acreage such that proved reserves can be placed on as much acreage as possible
- Continue to make accretive and strategic acquisitions and/or dispositions

The Leucrotta Management team has a long track record of creating value for shareholders and believes this approach can be successfully executed to maximize returns for all Leucrotta shareholders.

### *Forward-Looking Information*

*This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "should", "believe", "intends", "forecast", "plans", "guidance" and similar expressions are intended to identify forward-looking statements or information.*

*More particularly and without limitation, this document contains forward looking statements and information relating to the Company's oil, NGLs and natural gas production and reserves and reserves values, capital programs, timing of planned production tie-in, timing of planned construction of battery and water handling facility, planned exploration and development activities and the development and growth potential of the Company's properties. The forward-looking statements and information are based on certain key expectations and assumptions made by the Company, including expectations and assumptions relating to prevailing commodity prices and exchange rates, applicable royalty rates and tax laws, future well production rates, the performance of existing wells, the success of drilling new wells, the availability of capital to undertake planned activities and the availability and cost of labour and services.*

*Although the Company believes that the expectations reflected in such forward-looking statements and information are reasonable, it can give no assurance that such expectations will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the oil and gas industry in general such as operational risks in development, exploration and production, delays or changes in plans with respect to exploration or development projects or capital expenditures, the uncertainty of estimates and projections relating to production rates, costs and expenses, commodity price and exchange rate fluctuations, marketing and transportation, environmental risks, competition, the ability to access sufficient capital from internal and external sources and changes in tax, royalty and environmental legislation. The forward-looking statements and information contained in this document are made as of the date hereof for the purpose of providing the readers with the Company's expectations for the coming year. The forward-looking statements and information may not be appropriate for other purposes. The Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.*

### *Information Regarding Oil and Gas Volumes*

*Well test results are not necessarily indicative of long-term performance or of ultimate recovery.*

*OOIP and OGIP are not a defined terms within National Instrument 51-101 and are considered equivalent to Discovered Petroleum Initially In Place ("DPIIP"). DPIIP is defined in the Canadian Oil and Gas Evaluation Handbook ("COGEH") as the quantity of hydrocarbons that are estimated to be in place within a known accumulation. DPIIP is divided into recoverable and unrecoverable portions, with the estimated future recoverable portion classified as reserves and contingent resources. There is no certainty that it will be economically viable or technically feasible to produce any portion of this DPIIP except for those portions identified as proved or probable reserves.*

### *BOE Conversions*

*BOE's may be misleading, particularly if used in isolation. A BOE conversion ratio of 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.*

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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