CALGARY, ALBERTA--(Marketwired - Jan. 27, 2016) - Leucrotta Exploration Inc. ("Leucrotta" or the "Company") (TSX VENTURE:LXE) is pleased to announce that as a result of recent land acquisitions and corresponding delineation, the Company has increased its Montney development drilling inventory to 160 gross (128 net) drilling locations from the previously disclosed 78 gross (70 net) drilling locations in the highly prolific Lower Montney Turbidite play. The acquired lands are adjacent to the previously announced 13-19 well that tested at a rate of 1,290 boepd. Leucrotta also placed a Lower Montney development well at Doe on-stream in December with an IP30 of 890 boepd and production of 780 boepd at the end of the 30 day period.

The Lower Montney Turbidite play is characterized by low drilling costs (<$4 million drill and complete), high production rates, high condensate yields, and high estimated ultimate recoveries (EURs) that make this particular play one of the most economic in North America. A recent independent report dated October 6, 2015 comparing various areas of the Montney in Alberta and British Columbia notes this particular area as having the highest rates of return of all Montney areas (the "Report"). Leucrotta ran its specific Montney play economics using the Report's pricing assumptions (realized prices of Oil - $Cdn 50/bbl ; Gas - $Cdn 3.00/GJ) and the Leucrotta Lower Montney Turbidite play ranks near the top of the entire Report with rates of return of 120% and payback of 1.0 years. Using strip pricing as of January 26, 2016[1], the rate of return is 60%.

Leucrotta has over 170 sections of land in the greater area with the potential to increase the drilling inventory to over 400 net locations from the current drilling inventory of 128 net locations noted above.

Leucrotta owns a 25 mmcf/d sweet gas plant and has 5-year firm transportation and sales gas agreements that will allow the Company to initiate a larger scale development plan. Leucrotta is currently in the planning phase of an expanded development that will include the next phase of drilling and related infrastructure. Leucrotta estimates the planning and regulatory work will take 3-6 months and is therefore not planning any major capital expenditures prior to Q3 2016. As a result of this lag, Leucrotta will be able to watch commodity prices and forward curves to refine the timing and pace of the development program.

Leucrotta currently has over $40 million of cash plus approximately $14 million of newly fabricated gas plant equipment for sale. Approximately $7 million of equipment that was previously for sale will now be retained and used in the first development phase.

Note 1: Realized pricing based on January 26, 2016 strip:

Oil ($Cdn per bbl) - $45.85 for 2016, $52.53 for 2017, $55.34 for 2018, $58.21 for 2019, $60.26 for 2020
Gas ($Cdn per GJ) – $1.99 for 2016, $2.42 for 2017, $2.61 for 2018, $2.83 for 2019, $3.06 for 2020

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, capital programs, and oil, NGLs, and natural gas commodity prices. 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. Additionally, the Company undertakes no obligation to comment on the expectations of, or statements made, by third parties in respect of the matters discussed above, including those contained in the Report.

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.

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