

CALGARY, ALBERTA--(Marketwired - May 26, 2016) - [Leucrotta Exploration Inc.](#) (TSX VENTURE:LXE) ("Leucrotta" or the "Company") is pleased to announce its financial and operating results for the three months ended March 31, 2016. All dollar figures are Canadian dollars unless otherwise noted.

## HIGHLIGHTS

- Maintained a cash and working capital balance of \$41.0 million at March 31, 2016
- Increased production 16% to 1,251 boe/d in Q1 2016 from 1,076 boe/d in Q4 2015
- Announced light oil delineation well at Mica (713 boe/d including 300 boe/d of 42 API sweet oil and 55 boe/d of natural gas liquids) in the Lower Montney turbidite play
- Announced liquids-rich delineation well at East Doe (test rate of 1,290 boe/d of liquids-rich gas) in the Lower Montney turbidite play

## FINANCIAL RESULTS

| (\$000s, except per share amounts)             | Three Months Ended March 31 |          |          |
|--|-----------------------------|----------|----------|
|  | 2016                        | 2015     | % Change |
| Oil and natural gas sales                      | 2,301                       | 4,291    | (46 )    |
| Funds from (used in) operations <sup>(1)</sup> | (283 )                      | 1,166    | (124 )   |
| Per share - basic and diluted                  | -                           | 0.01     | (100 )   |
| Net loss                                       | (2,773 )                    | (1,816 ) | 53       |
| Per share - basic and diluted                  | (0.02 )                     | (0.01 )  | 100      |
| Capital expenditures and acquisitions          | 4,398                       | 17,649   | (75 )    |
| Working capital                                | 40,952                      | 8,520    | 381      |
| Common shares outstanding (000s)               |                             |          |          |
| Weighted average - basic and diluted           | 165,227                     | 165,227  | -        |
| End of period - basic                          | 165,227                     | 165,227  | -        |
| End of period - diluted                        | 189,279                     | 185,099  | 2        |

(1) See "Non-GAAP Measures" section.

## OPERATING RESULTS <sup>(1)</sup>

|                         | Three Months Ended March 31 |        |          |
|-------------------------|-----------------------------|--------|----------|
|                         | 2016                        | 2015   | % Change |
| Daily production        |                             |        |          |
| Oil and NGLs (bbls/d)   | 412                         | 387    | 6        |
| Natural gas (mcf/d)     | 5,031                       | 11,428 | (56 )    |
| Oil equivalent (boe/d)  | 1,251                       | 2,291  | (45 )    |
| Revenue                 |                             |        |          |
| Oil and NGLs (\$/bbl)   | 37.21                       | 42.93  | (13 )    |
| Natural gas (\$/mcf)    | 1.98                        | 2.72   | (27 )    |
| Oil equivalent (\$/boe) | 20.22                       | 20.81  | (3 )     |
| Royalties               |                             |        |          |
| Oil and NGLs (\$/bbl)   | 3.06                        | 5.13   | (40 )    |
| Natural gas (\$/mcf)    | -                           | 0.09   | (100 )   |
| Oil equivalent (\$/boe) | 1.02                        | 1.32   | (23 )    |

Production expenses

|  |          |         |      |   |
|--|----------|---------|------|---|
| Oil and NGLs (\$/bbl)                        | 13.98    | 6.60    | 112  |   |
| Natural gas (\$/mcf)                         | 1.09     | 1.10    | (1   | ) |
| Oil equivalent (\$/boe)                      | 8.98     | 6.60    | 36   |   |
| Transportation expenses                      |          |         |      |   |
| Oil and NGLs (\$/bbl)                        | 4.65     | 2.75    | 69   |   |
| Natural gas (\$/mcf)                         | 0.43     | 0.26    | 65   |   |
| Oil equivalent (\$/boe)                      | 3.26     | 1.78    | 83   |   |
| Operating netback <sup>(2)</sup>             |          |         |      |   |
| Oil and NGLs (\$/bbl)                        | 15.52    | 28.45   | (45  | ) |
| Natural gas (\$/mcf)                         | 0.46     | 1.27    | (64  | ) |
| Oil equivalent (\$/boe)                      | 6.96     | 11.11   | (37  | ) |
| Depletion and depreciation (\$/boe)          | (11.89 ) | (8.06 ) | 48   |   |
| General and administrative expenses (\$/boe) | (10.73 ) | (6.01 ) | 79   |   |
| Share based compensation (\$/boe)            | (9.68 )  | (6.86 ) | 41   |   |
| Finance expenses (\$/boe)                    | (0.35 )  | (0.25 ) | 40   |   |
| Finance income (\$/boe)                      | 1.34     | 0.61    | 120  |   |
| Deferred tax recovery (\$/boe)               | -        | 0.65    | (100 | ) |
| Net loss (\$/boe)                            | (24.35 ) | (8.81 ) | 176  |   |

(1) See "Frequently Recurring Items" section.

(2) See "Non-GAAP Measures" section.

Selected financial and operational information outlined in this news release should be read in conjunction with Leucrotta's unaudited condensed interim financial statements and related Management's Discussion and Analysis ("MD&A") for the three months ended March 31, 2016, which are available for review at <http://www.sedar.com/> and on our website at <http://www.leucrotta.ca/>.

## PRESIDENT'S MESSAGE

As previously announced, Leucrotta drilled a light oil delineation well (713 boe/d including 300 boe/d of 42 API sweet oil and 55 boe/d of natural gas liquids) in the Lower Montney turbidite play confirming a large light oil resource on its land. Leucrotta estimates this resource is present on a minimum of 60 net sections of Leucrotta acreage. Leucrotta has previously announced liquids-rich delineation wells on its Lower Montney Turbidite play with the East Doe well achieving a test rate of 1,290 boe/d of liquids-rich gas. Leucrotta estimates this large gas resource covers approximately 40 net sections of Leucrotta acreage.

In Q1 2016, Leucrotta spent \$4.4 million of which \$3.2 was used to purchase land in the East Doe area (previously announced). Leucrotta expects minimal capital will be spent in Q2 2016, however, Leucrotta will be very active in getting pipelines and locations licensed to maintain maximum flexibility in its go forward capital program and be able to react quickly when commodity markets are favourable.

The initial focus of capital will be to tie-in the 8-22 light oil well and the 8-18 liquids-rich gas well to the Leucrotta owned facility at Doe and to start further delineation of the Montney light oil resource noted above. Leucrotta anticipates it will complete the tie-ins by the end of Q3 2016 and start drilling in late Q3 2016 or early Q4 2016. The extent of the program will be driven in part by commodity prices.

At the end of Q1 2016, Leucrotta maintained a cash and working capital balance of \$41.0 million and has no debt. Current production is approximately 1,100 boe/d which will see natural declines until previously drilled wells are tied in. Leucrotta has not provided guidance on capital spending given the uncertainty in the commodity markets but will be cautious in its spending profile.

## FREQUENTLY RECURRING TERMS

The Company uses the following frequently recurring industry terms in this news release: "bbls" refers to barrels, "mcf" refers to thousand cubic feet, and "boe" refers to barrel of oil equivalent. Disclosure provided herein in respect of a boe may be misleading, particularly if used in isolation. A boe conversion rate of six thousand cubic feet of natural gas to one barrel of oil equivalent has been used for the calculation of boe amounts in this news release. This boe conversion rate is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

## NON-GAAP MEASURES

This news release refers to certain financial measures that are not determined in accordance with IFRS (or "GAAP"). This news

release contains the terms "funds from (used in) operations", "funds from (used in) operations per share", and "operating netback" which do not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures used by other companies. The Company uses these measures to help evaluate its performance.

Management uses funds from (used in) operations to analyze performance and considers it a key measure as it demonstrates the Company's ability to generate the cash necessary to fund future capital investments and to repay debt. Funds from (used in) operations is a non-GAAP measure and has been defined by the Company as cash flow from (used in) operating activities excluding the change in non-cash working capital related to operating activities and expenditures on decommissioning obligations. The Company also presents funds from (used in) operations per share whereby amounts per share are calculated using weighted average shares outstanding, consistent with the calculation of earnings (loss) per share. Funds from (used in) operations is reconciled from cash flow from (used in) operating activities under the heading "Funds from (used in) Operations".

Management considers operating netback an important measure as it demonstrates its profitability relative to current commodity prices. Operating netback, which is calculated as average unit sales price less royalties, production expenses, and transportation expenses, represents the cash margin for every barrel of oil equivalent sold. Operating netback per boe is reconciled to net loss per boe under the heading "Operating Netback".

## FORWARD-LOOKING INFORMATION

This news 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 news release contains forward looking statements and information relating to the Company's risk management program, oil, NGLs, and natural gas production, capital programs, oil, NGLs, and natural gas commodity prices, production expenses, and working capital. 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.

Leucrotta is an oil and natural gas company, actively engaged in the acquisition, development, exploration, and production of oil and natural gas reserves in northeastern British Columbia, Canada.

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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