

CALGARY, Alberta, Aug. 29, 2017 (GLOBE NEWSWIRE) -- [Leucrotta Exploration Inc.](#) (TSXV:LXE) ("Leucrotta" or the "Company") is pleased to announce its financial and operating results for the three and six months ended June 30, 2017. All dollar figures are Canadian dollars unless otherwise noted.

## HIGHLIGHTS

- Increased production 144% to 2,629 boe/d in Q2 2017 from 1,078 boe/d in Q2 2016 (increased 40% from 1,881 boe/d in Q1 2017).
- Increased funds from operations 527% to \$2.1 million in Q2 2017 from funds used in operations of \$0.5 million in Q2 2016 (increased 62% from \$1.3 million in Q1 2017).
- Increased borrowing base on revolving credit facility from \$5.0 million to \$20.0 million.
- Net property acquisitions of undeveloped lands located within the Company's core Doe/Mica area of approximately \$35.6 million in the first half of 2017.
- Closed offering of common shares and flow-through common shares by way of a short form prospectus for gross proceeds of \$80.0 million (33,333,400 common shares at a price of \$2.25 per common share and 1,852,000 common shares on a flow-through basis at a price of \$2.70 per flow-through common share).

## FINANCIAL RESULTS

(\$000s, except per share amounts)	Three Months Ended June 30			Six Months Ended June 30		
	2017	2016	% Change	2017	2016	% Change
Oil and natural gas sales	6,467	1,953	231	11,350	4,254	167
Funds from (used in) operations <sup>(1)</sup>	2,097	(491)	527	3,393	(774)	538
Per share - basic and diluted	0.01	-	100	0.02	-	100
Net loss	(723)	(2,758)	(74)	(1,601)	(5,531)	(71)
Per share - basic and diluted	-	(0.02)	(100)	(0.01)	(0.03)	(67)
Net capital expenditures and acquisitions	42,810	683	6,168	61,328	5,081	1,107
Working capital				43,817	39,778	10
Common shares outstanding (000s)						
Weighted average - basic and diluted	190,795	165,227	15	178,087	165,227	8
End of period - basic				200,470	165,227	21
End of period - diluted				224,482	189,297	19

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

OPERATING RESULTS <sup>(1)</sup>	Three Months Ended June 30			Six Months Ended June 30		
	2017	2016	% Change	2017	2016	% Change
Daily production						
Oil and NGLs (bbls/d)	609	319	91	562	368	53
Natural gas (mcf/d)	12,122	4,549	166	10,170	4,817	111
Oil equivalent (boe/d)	2,629	1,078	144	2,257	1,171	93
Revenue						
Oil and NGLs (\$/bbl)	54.09	45.73	18	55.83	40.93	36
Natural gas (\$/mcf)	3.15	1.51	109	3.08	1.75	76
Oil equivalent (\$/boe)	27.03	19.91	36	27.78	20.08	38
Royalties						
Oil and NGLs (\$/bbl)	8.53	3.96	115	6.22	3.45	80
Natural gas (\$/mcf)	0.08	-	100	0.11	-	100
Oil equivalent (\$/boe)	2.33	1.17	99	2.02	1.09	85
Production expenses						
Oil and NGLs (\$/bbl)	7.28	18.31	(60)	9.36	15.87	(41)
Natural gas (\$/mcf)	1.14	1.07	7	1.17	1.08	8
Oil equivalent (\$/boe)	6.93	9.95	(30)	7.59	9.43	(20)
Transportation expenses						
Oil and NGLs (\$/bbl)	3.72	4.70	(21)	3.72	4.67	(20)
Natural gas (\$/mcf)	0.74	0.43	72	0.83	0.43	93
Oil equivalent (\$/boe)	4.29	3.22	33	4.67	3.24	44
Operating netback <sup>(2)</sup>						

Oil and NGLs (\$/bbl)	34.56	18.76	84	36.53	16.94	116
Natural gas (\$/mcf)	1.19	0.01	11,800	0.97	0.24	304
Oil equivalent (\$/boe)	13.48	5.57	142	13.50	6.32	114
Depletion and depreciation (\$/boe)	(9.95)	(12.22)	(19)	(10.13)	(12.05)	(16)
General and administrative expenses (\$/boe)	(5.02)	(11.75)	(57)	(5.59)	(11.20)	(50)
Share based compensation (\$/boe)	(1.68)	(10.58)	(84)	(1.91)	(10.10)	(81)
Finance expenses (\$/boe)	(0.32)	(0.39)	(18)	(0.28)	(0.37)	(24)
Finance income (\$/boe)	0.47	1.23	(62)	0.50	1.29	(61)
Net loss (\$/boe)	(3.02)	(28.14)	(89)	(3.91)	(26.11)	(85)

(1) See "Frequently Recurring Terms" 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 and six months ended June 30, 2017, which are available for review at [www.sedar.com](http://www.sedar.com).

## PRESIDENT'S MESSAGE

In Q2 2017, Leucrotta closed the previously announced land acquisitions and an \$80 million bought deal financing. At the end of Q2 2017, Leucrotta currently had approximately \$43.8 million of positive working capital, no debt, and a \$20 million undrawn bank credit facility.

As a result of land acquisitions and various swaps, Leucrotta has now assembled over 160 net sections in its Doe/Mica core area that includes a 140 section contiguous block of land. Leucrotta has identified up to five prospective Montney horizons on its lands that are being developed within the larger Montney area.

To date, Leucrotta has focused on the Lower Montney Turbidite play and to a lesser extent, the Upper Montney. Leucrotta has estimated that it has over 2.5 billion barrels of oil in place and 3 trillion cubic feet of gas in place mapped over 105 of its 160 net sections of land. Leucrotta believes that, over time, it will be able to materially add to this estimate by expanding the mapped area of the Lower Montney as well as proving hydrocarbons in other Montney zones.

On a go forward basis, capital will be focused primarily on building out the infrastructure and on refining the completions techniques to increase the productivity and ultimate recoveries of oil and gas per well. In Q2, Leucrotta changed its completion technique in the A8-22 well to materially increase the frac intensity versus previous wells drilled into the Lower Montney. The A8-22 well, that had 41 frac stages versus 26 stages in the offset 8-22 well, had an IP30 of 996 boepd as compared to 671 boepd for the 8-22 well.

Leucrotta plans to drill 2 wells prior to the end of Q3 2017 with one well placed into the gas-condensate window of the Lower Montney and one well placed into the light oil window of the Lower Montney. We plan to complete the well in the Gas-condensate window with 49 frac stages versus 28 stages in previous wells and complete the well in the light oil window with 55 frac stages versus 41 in the A8-22 as noted above.

Leucrotta is also extending its gathering system such that the new wells and previously drilled wells at 8-4 and 12-06 will be placed on production by the end of 2017.

Leucrotta estimates that it will have approximately \$18 million net working capital, no debt and an undrawn bank credit facility of \$20 million at the end of 2017.

## 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.

Original Gas in Place ("OGIP") and Original Oil in Place ("OOIP") are equivalent to Total Petroleum

Initially In Place (&ldquo;TIIP&rdquo;); (see definition below). The OGIP and OOIP estimates quoted are internal estimates performed by a Qualified Reserves Evaluator (&ldquo;QRE&rdquo;); in accordance with the Canadian Oil and Gas Evaluations Handbook (&ldquo;COGEH&rdquo;);. The effective date of the estimates is June 30, 2017.

TIIP, as defined in the Canadian Oil and Gas Evaluations Handbook (&ldquo;COGEH&rdquo;);, is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered (equivalent to &ldquo;total resources&rdquo;). There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

## NON-GAAP MEASURES

This news release refers to certain financial measures that are not determined in accordance with IFRS (or &ldquo;GAAP&rdquo;);. This news release contains the terms &ldquo;funds from (used in) operations&rdquo;;, &ldquo;funds from (used in) operations per share&rdquo;;, and &ldquo;operating netback&rdquo;; 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&rsquo;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 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 loss per share. Funds from (used in) operations is reconciled from cash flow from operating activities under the heading &ldquo;Funds from (used in) Operations&rdquo;; in the Company&rsquo;s MD&A for the three and six months ended June 30, 2017, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

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 &ldquo;Operating Netback&rdquo;; in the Company&rsquo;s MD&A for the three and six months ended June 30, 2017, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## 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 &ldquo;expect&rdquo;;, &ldquo;anticipate&rdquo;;, &ldquo;continue&rdquo;;, &ldquo;estimate&rdquo;;, &ldquo;may&rdquo;;, &ldquo;will&rdquo;;, &ldquo;should&rdquo;;, &ldquo;believe&rdquo;;, &ldquo;intends&rdquo;;, &ldquo;forecast&rdquo;;, &ldquo;plans&rdquo;;, &ldquo;guidance&rdquo;; 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&rsquo;s capital programs 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&rsquo;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.

Further Information

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