

Leucrotta Announces Q3 2017 Financial and Operating Results

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CALGARY, Alberta, Nov. 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 nine months ended September 30, 2017. All dollar figures are Canadian dollars unless otherwise noted.

HIGHLIGHTS

- Increased production 216% to 3,123 boe/d in Q3 2017 from 989 boe/d in Q3 2016 (increased 19% from 2,629 boe/d in Q2 2017).
- Increased funds from operations 1,509% to \$1.7 million in Q3 2017 from funds used in operations of \$0.1 million in Q3 2016.
- Tied-in Mica 8-4 and Mica A8-22 Lower Montney Oil wells.
- Drilled two Lower Montney wells at Doe/Mica awaiting completions/results.

FINANCIAL RESULTS

(\$000s, except per share amounts)	Three Months Ended September 30			Nine Months Ended September 30		
	2017	2016	% Change	2017	2016	% Change
Oil and natural gas sales	5,908	2,309	156	17,258	6,563	163
Funds from (used in) operations ⁽¹⁾	1,747	(124)	) 1,509	5,140	(898)	) 672
Per share - basic and diluted	0.01	-	100	0.03	(0.01)	) 400
Net loss	(1,549)	(4,994)	) (69)	(3,150)	(10,525)	) (70)
Per share - basic and diluted	(0.01)	(0.03)	) (67)	(0.02)	(0.06)	) (67)
Capital expenditures and acquisitions	16,316	5,775	183	77,644	10,856	615
Proceeds from sale of equipment	-	4,000	(100)	-	4,000	(100)
Working capital				29,248	37,879	(23)
Common shares outstanding (000s)						
Weighted average - basic and diluted	200,479	165,227	21	185,633	165,227	12
End of period - basic				200,479	165,227	21
End of period - diluted				227,108	189,297	20

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

OPERATING RESULTS ⁽¹⁾

	Three Months Ended September 30			Nine Months Ended September 30		
	2017	2016	% Change	2017	2016	% Change
Daily production						
Oil and NGLs (bbls/d)	857	300	186	661	345	92
Natural gas (mcf/d)	13,593	4,138	228	11,324	4,588	147
Oil equivalent (boe/d)	3,123	989	216	2,549	1,110	130
Revenue						
Oil and NGLs (\$/bbl)	50.97	48.28	6	53.71	43.08	25
Natural gas (\$/mcf)	1.51	2.57	(41)	2.45	2.00	23
Oil equivalent (\$/boe)	20.56	25.37	(19)	24.80	21.67	14

Royalties											
Oil and NGLs (\$/bbl)	5.66	5.88	(4	)	5.98	44				
Natural gas (\$/mcf)	0.03	0.10	(70	)	0.07	133				
Oil equivalent (\$/boe)	1.67	2.20	(24	)	1.88	32				
Production expenses											
Oil and NGLs (\$/bbl)	7.16	18.92	(62	)	8.40	(50				
Natural gas (\$/mcf)	1.10	1.29	(15	)	1.14	-				
Oil equivalent (\$/boe)	6.75	11.12	(39	)	7.24	(27				
Transportation expenses											
Oil and NGLs (\$/bbl)	2.22	6.02	(63	)	3.07	(39				
Natural gas (\$/mcf)	0.54	0.44	23		0.71	65					
Oil equivalent (\$/boe)	2.94	3.65	(19	)	3.96	18				
Operating netback ⁽²⁾											
Oil and NGLs (\$/bbl)	35.93	17.46	106		36.26	112					
Natural gas (\$/mcf)	(0.16)	0.74	(122)	0.53	33				
Oil equivalent (\$/boe)	9.20	8.40	10		11.72	69					
Depletion and depreciation (\$/boe)	(9.93)	(15.46)	(36)	(10.05)	(13.07)	(23
General and administrative expenses (\$/boe)	(3.58)	(10.90)	(67)	(4.76)	(11.11)	(57
Share based compensation (\$/boe)	(1.41)	(9.53)	(85)	(1.71)	(9.93)	(83
Finance expenses (\$/boe)	(0.21)	(0.52)	(60)	(0.25)	(0.41)	(39
Finance income (\$/boe)	0.54	1.31	(59)	0.51	1.30	(61				
Loss on sale of assets (\$/boe)	-	(28.15)	(100)	-	(8.46)	(100		
Net loss (\$/boe)	(5.39)	(54.85)	(90)	(4.54)	(34.74)	(87

(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 nine months ended September 30, 2017, which are available for review at www.sedar.com.

PRESIDENT'S MESSAGE

In Q3 2017, Leucrotta focused its efforts on refining the completion techniques for the Lower Montney. The first well with increased frac intensity was the A8-22 well that had 41 frac stages versus previous wells with 28 frac stages. As previously released, this well had IP90 production of 838 boe/d that was 61% above Leucrotta's type curve of 521 boe/d for the area and continues to produce significantly above the type curve. Leucrotta has continued to increase the frac intensity in subsequent wells that have recently been completed with 50 frac stages over the same one mile horizontal lateral length.

Leucrotta will continue to monitor the production of the wells to determine the effect of the increased frac intensity over a longer term period and its effect on the ultimate recoveries of the wells. Future wells will be focused primarily on the oil window of the Lower Montney and will be a combination of delineation and higher intensity frac wells. We anticipate the extent of the 2018 capital program will be released in early 2018.

Production continues to increase as new wells are placed on production and is projected to average 3,600 boe/d (30% oil and liquids) for Q4 2017. Leucrotta's gathering system is currently running higher than optimal pressures with several wells having to flow against significant back pressure. While future opportunities exist to optimize the production through debottlenecking and reducing wellhead operating pressures, Leucrotta has chosen to focus its near term capital on drilling and completion.

At the end of Q3 2017, Leucrotta had approximately \$29 million of working capital, no debt, and a \$20 million undrawn bank credit facility. Leucrotta estimates that it will have approximately \$18 million of working capital, no debt and an undrawn bank credit facility of \$20 million at the end of 2017.

We look forward to reporting on the results of the new wells and other business developments in the near future.

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.

PRODUCTION RATES

Any references to peak rates, test rates, IP30, IP90 or initial production rates or declines are useful for confirming the presence of hydrocarbons, however, such rates and declines are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long term performance or ultimate recovery. IP30 is defined as an average production rate over 30 consecutive days and IP90 is defined as an average production rate over 90 consecutive days. Readers are cautioned not to place reliance on such rates in calculating aggregate production for the Corporation.

TYPE CURVES

This news release contains references to type well, or "type curve", production and economics, which are derived, at least in part, from available information respecting the well performance of other companies and, as such, may be considered "analogous information" as defined in NI 51-101. Production type curves are based on a methodology of analog, empirical and theoretical assessments and workflow with consideration of the specific asset, and as depicted in this presentation, is representative of the Company's current program, including relative to current performance. Some of this data may not have been prepared by qualified reserves evaluators, may have been prepared based on internal estimates, and the preparation of any estimates may not be in strict accordance with COGEH. Estimates by engineering and geo-technical practitioners may vary and the differences may be significant. The Company believes that the provision of this analogous information is relevant to the Company's oil and gas activities, given its acreage position and operations (either ongoing or planned) in the areas in question, and such information has been updated as of the date hereof unless otherwise specified.

The Montney Type Curves disclosed in this news release are an internal estimate prepared by a Qualified Reserves Evaluator ("QRE") and are based on an average of the proved plus probable type curves used by GLJ for booked undeveloped horizontal wells in the Lower Montney formation as per the year-end 2016 corporate reserves evaluation effective December 31 2016. The curves represent an internal "best-estimate" expectation.

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 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 "Funds from (used in) Operations" in the Company's MD&A for the three and nine months ended September 30, 2017, which is available on SEDAR at 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 "Operating Netback" in the Company's MD&A for the three and nine months ended September 30, 2017, which is available on SEDAR at 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 "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 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'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.

Further Information

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