

Leucrotta Announces Q4 2017 Financial and Operating Results

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CALGARY, Alberta, April 25, 2018 (GLOBE NEWSWIRE) -- [Leucrotta Exploration Inc.](#) (TSXV:LXE) ("Leucrotta" or the "Company") is pleased to announce its financial and operating results for the three months and year ended December 31, 2017. All dollar figures are Canadian dollars unless otherwise noted.

Q4/17 HIGHLIGHTS

- Increased production 361% to 3,802 boe/d in Q4 2017 from 824 boe/d in Q4 2016 (increased 22% from 3,123 boe/d in Q3 2017).
- Increased adjusted funds flow 4,653% to \$4.5 million in Q4 2017 from adjusted funds flow of negative \$0.1 million in Q4 2016.
- Tied-in Mica 9-33 and Doe 4-12 Lower Montney Turbidite wells.

FINANCIAL RESULTS

(\$000s, except per share amounts)	Three Months Ended December 31			Year Ended December 31		
	2017	2016	% Change	2017	2016	% Change
Oil and natural gas sales	9,586	2,281	320	26,844	8,844	204
Adjusted funds flow ⁽¹⁾	4,462	(98	) (4,653	) 9,602	(996	) (1,064
Per share - basic and diluted	0.02	-	100	0.05	(0.01	) (600
Net loss	(5,072	) (1,657	) 206	(8,222	) (12,182	) (33
Per share - basic and diluted	(0.03	) (0.01	) 200	(0.04	) (0.07	) (43
Capital expenditures and acquisitions	15,870	11,718	35	93,514	22,574	314
Working capital				18,660	26,063	(28
Common shares outstanding (000s)						
Weighted average - basic and diluted	200,486	165,227	21	189,377	165,227	15
End of period - basic				200,497	165,227	21
End of period - fully diluted				227,108	189,297	20

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

OPERATING RESULTS ⁽¹⁾

	Three Months Ended December 31			Year Ended December 31		
	2017	2016	% Change	2017	2016	% Change
Daily production						
Oil and NGLs (bbls/d)	1,290	234	451	820	317	159
Natural gas (mcf/d)	15,071	3,543	325	12,268	4,325	184
Oil equivalent (boe/d)	3,802	824	361	2,865	1,038	176
Revenue						
Oil and NGLs (\$/bbl)	61.61	53.60	15	56.84	45.04	26
Natural gas (\$/mcf)	1.64	3.46	(53	) 2.20	2.30	(4
Oil equivalent (\$/boe)	27.41	30.08	(9	) 25.67	23.35	10
Royalties						
Oil and NGLs (\$/bbl)	7.64	6.99	9	6.63	4.69	41
Natural gas (\$/mcf)	0.04	0.16	(75	) 0.06	0.06	-

Oil equivalent (\$/boe)	2.75	2.68	3	2.17	1.67	30	
Production expenses							
Oil and NGLs (\$/bbl)	6.53	26.24	(75	) 7.66	18.52	(59)
Natural gas (\$/mcf)	0.94	1.76	(47	) 1.08	1.27	(15)
Oil equivalent (\$/boe)	5.95	15.02	(60	) 6.81	10.96	(38)
Transportation expenses							
Oil and NGLs (\$/bbl)	2.11	6.04	(65	) 2.69	5.24	(49)
Natural gas (\$/mcf)	0.51	0.47	9	0.65	0.44	48	
Oil equivalent (\$/boe)	2.75	3.71	(26	) 3.55	3.43	3	
Operating netback ⁽²⁾							
Oil and NGLs (\$/bbl)	45.33	14.33	216	39.86	16.59	140	
Natural gas (\$/mcf)	0.15	1.07	(86	) 0.41	0.53	(23)
Oil equivalent (\$/boe)	15.96	8.67	84	13.14	7.29	80	
Depletion and depreciation (\$/boe)	(9.21	) (13.07	) (30	) (9.77	) (13.07	) (25)
Exploration and evaluation (\$/boe)	(17.84	) -	100	(5.97	) -	100	
General and administrative expenses (\$/boe)	(3.45	) (11.08	) (69	) (4.32	) (11.11	) (61)
Share based compensation (\$/boe)	(1.05	) (7.11	) (85	) (1.49	) (9.36	) (84)
Finance expenses (\$/boe)	(0.32	) (0.81	) (60	) (0.27	) (0.49	) (45)
Finance income (\$/boe)	0.42	1.54	(73	) 0.48	1.35	(64)
Loss on sale of assets (\$/boe)	(1.40	) -	100	(0.47	) (6.77	) (93)
Deferred income tax recovery (\$/boe)	2.38	-	100	0.80	-	100	
Net loss (\$/boe)	(14.51	) (21.86	) (34	) (7.87	) (32.16	) (76)

(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 audited financial statements and related Management's Discussion and Analysis ("MD&A") for the year ended December 31, 2017, which are available for review at www.sedar.com.

PRESIDENT'S MESSAGE

In Q4 2017, Leucrotta focused its efforts on the refinement of the completion techniques for the Lower Montney as well as starting to evaluate other Montney horizons on its land base.

Leucrotta increased the frac intensity to 51 fracs over a mile lateral on its previously released 9-33 well and continues to monitor the two higher intensity wells that have 41 and 51 fracs respectively. Based on data collected to date, Leucrotta believes higher intensity fracs will recover incremental reserves over that of previously drilled wells with lower frac intensity and have better economic returns despite higher capital. The next three step-out/delineation wells will be completed with higher intensity fracs to further prove this thesis.

From geological and other data collected, Leucrotta believes there is an oil resource in multiple zones through-out its land base. Leucrotta has drilled an Upper Montney well that it will evaluate during 2018 to potentially prove the presence of oil and commerciality of this zone. Other Montney zones above and below the Lower Montney will also be cored and evaluated for oil potential. If warranted, Leucrotta would complete existing vertical wells to gather additional data on these other potential Montney zones.

Leucrotta has continued to build out the infrastructure and tie-in previously tested wells. Production has continued to increase and operating costs have continued to decline. Although the primary driver of the business plan is to delineate and evaluate the Montney, the production and related cash flow are providing meaningful capital for reinvesting.

For 2018, Leucrotta plans to spend approximately \$33.0 million primarily on the delineation of the Lower Montney and related infrastructure. At the end of 2017, Leucrotta had approximately \$18.7 million of positive working capital, no debt, and a \$20.0 million undrawn bank credit facility. Leucrotta expects to be debt-free throughout 2018 based on its opening cash balance plus projected cash flow of \$15.0 million on estimated production of 3,600 boe/d.

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.

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 "adjusted funds flow", "adjusted funds flow 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 adjusted funds flow 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, if any. Adjusted funds flow 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 adjusted funds flow per share whereby amounts per share are calculated using weighted average shares outstanding, consistent with the calculation of net loss per share. Adjusted funds flow is reconciled from cash flow from (used in) operating activities under the heading "Adjusted Funds Flow" in the Company's MD&A for the year ended December 31, 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 income (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 oil, NGLs, and natural gas production, capital programs, cash flow 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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