

Leucrotta Announces Q4 2020 Financial and Operating Results

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Calgary, April 28, 2021 - [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, 2020. All dollar figures are Canadian dollars unless otherwise noted.

FINANCIAL RESULTS

(\$000s, except per share amounts)	Three Months Ended December 31			Year Ended December 31		
	2020	2019	% Change	2020	2019	% Change
Oil and natural gas sales	6,515	6,870	(5)	23,586	27,645	(15)
Cash flow from operating activities	212	2,098	(90)	1,187	10,465	(89)
Per share - basic and diluted	-	0.01	(100)	0.01	0.05	(80)
Adjusted funds flow ⁽¹⁾	807	2,316	(65)	1,355	10,266	(87)
Per share - basic and diluted	-	0.01	(100)	0.01	0.05	(80)
Net loss	16,697	6,140	172	110,855	5,529	1,905
Per share - basic and diluted	0.08	0.03	167	0.55	0.03	1,733
Capital expenditures and acquisitions	395	4,160	(91)	13,716	14,997	(9)
Proceeds on sale of properties and equipment ⁽²⁾ -	-	-	-	8,206	4,767	72
Adjusted working capital (deficiency) ⁽¹⁾				(5,807)	125	(4,746)
Common shares outstanding (000s)						
Weighted average - basic and diluted	200,525	200,525	-	200,525	200,525	-
End of period - basic				200,525	200,525	-
End of period - fully diluted				214,132	226,646	(6)

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

(2) The sale of equipment for proceeds of \$4.8 million in 2019 is exclusive of \$2.7 million deposit received in Q4 2018.

OPERATING RESULTS ⁽¹⁾	Three Months Ended December 31			Year Ended December 31		
	2020	2019	% Change	2020	2019	% Change
Daily production						
Oil and NGLs (bbls/d)	645	765	(16)	856	820	4
Natural gas (mcf/d)	13,508	12,392	9	13,903	13,347	4
Oil equivalent (boe/d)	2,897	2,830	2	3,173	3,044	4
Revenue						
Oil and NGLs (\$/bbl)	43.06	51.26	(16)	33.94	51.80	(34)
Natural gas (\$/mcf)	3.18	2.86	11	2.55	2.49	2
Oil equivalent (\$/boe)	24.44	26.39	(7)	20.31	24.88	(18)
Royalties						
Oil and NGLs (\$/bbl)	3.09	-	100	1.79	-	100
Natural gas (\$/mcf)	0.10	-	100	0.06	-	100
Oil equivalent (\$/boe)	1.14	-	100	0.75	-	100
Net operating expenses ⁽²⁾						

Oil and NGLs (\$/bbl)	10.46	8.43	24	9.98	8.34	20
Natural gas (\$/mcf)	1.06	0.80	33	1.01	0.85	19
Oil equivalent (\$/boe)	7.29	5.77	26	7.10	5.95	19
Net transportation and marketing expenses ⁽²⁾						
Oil and NGLs (\$/bbl)	0.37	1.35	(73)	0.75	1.34	(44)
Natural gas (\$/mcf)	1.37	1.46	(6)	1.51	1.11	36
Oil equivalent (\$/boe)	6.45	6.74	(4)	6.83	5.25	30
Operating netback ⁽²⁾						
Oil and NGLs (\$/bbl)	29.14	41.48	(30)	21.42	42.12	(49)
Natural gas (\$/mcf)	0.65	0.60	8	(0.03)	0.53	(106)
Oil equivalent (\$/boe)	9.56	13.88	(31)	5.63	13.68	(59)
Depletion and depreciation (\$/boe)	(7.41)	(9.65)	(23)	(8.50)	(9.56)	(11)
Asset impairment (\$/boe)	(50.66)	(22.41)	126	(87.31)	(5.25)	1,563
General and administrative expenses (\$/boe)	(4.36)	(4.76)	(8)	(3.90)	(4.30)	(9)
Share based compensation (\$/boe)	(1.33)	(0.20)	565	(0.54)	(0.51)	6
Gain on sale of assets (\$/boe)	-	-	-	1.30	1.30	-
Loss on onerous contract (\$/boe)	(7.88)	-	100	(1.81)	-	100
Finance expense (\$/boe)	(1.14)	(0.47)	143	(0.46)	(0.36)	28
Finance income (\$/boe)	-	0.04	(100)	-	0.03	(100)
Unrealized gain on risk management contracts (\$/boe)	0.55	-	100	0.13	-	100
Net loss (\$/boe)	(62.67)	(23.57)	166	(95.46)	(4.97)	1,821

(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, 2020, which are available for review under the Company's profile on The System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

UPDATE

Property sale

Subsequent to December 31, 2020, the Company disposed of natural gas assets located in Doe, BC for gross proceeds of \$30.0 million. The disposed assets were comprised of 10.25 sections of non-strategic land with three wells producing approximately 375 boe/d and one shut-in well. The disposition closed April 1, 2021.

In conjunction with the disposition, the Company's demand loan facility of \$8.0 million was reduced to \$2.0 million and the covenant to enter into and maintain forward commodity price contracts was removed from the credit facility. The demand letter of credit facility was unchanged and remains at \$4.0 million.

Financing

On March 31, 2021, the Company closed a bought-deal public financing through a syndicate of underwriters. The Company issued 45.2 million units of the Company ("Units") at a price of \$0.73 per Unit for gross proceeds of \$33.0 million. A Unit is comprised of one common share of the Company and 0.5 common share purchase warrants. Each whole common share purchase warrant entitles the holder to purchase one common share at an exercise price of \$1.00 per common share expiring on March 31, 2023.

The Company has received an extension from the TSX Venture Exchange to complete its previously

announced non-brokered private placement of up to 2.0 million flow-through units of the Company (the "Private Placement"). The Private Placement closing date has been extended from April 29, 2021 to May 28, 2021. Full details of the Private Placement can be found in the Company's news release dated March 15, 2021, available under the Company's profile on SEDAR at www.sedar.com.

President's Comment

We are very pleased with the recent events of 2021 that have allowed us to initiate the Mica Project. ⁽¹⁾ After years of hard work to capture and delineate the large resource base at Mica, we are finally in a position to develop the resource for the benefit of all shareholders. With the Mica Project expected to ramp up to over 30,000 boe/d ⁽¹⁾ within a 5-year timeframe, Leucrotta anticipates having very high production growth rates for several years.

(1) Full details of the Mica Project are more fully described in the Company's news release dated March 15, 2021 and the (final) short form prospectus of the Company dated March 26, 2021, both available under the Company's profile on SEDAR at www.sedar.com.

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", "adjusted working capital (deficiency)", "operating netback", "net operating expenses", and "net transportation and marketing expenses" 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 abandonment obligations 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 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 operating activities under the heading "Cash Flow from Operating Activities and Adjusted Funds Flow" in the Company's MD&A for the year ended December 31, 2020, which is available under the Company's profile on SEDAR at www.sedar.com.

Management uses adjusted working capital (deficiency) as a measure to assess the Company's financial position. Working capital (deficiency) includes current assets less current liabilities excluding the effects of any current portion of risk management contracts.

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, net operating expenses, and net transportation and marketing 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".

Net operating expenses is calculated as operating expenses less processing revenues. Management uses

net operating expenses to determine the current periods' cash cost of operating expenses less processing revenue and net operating expenses per boe is used to measure operating efficiency on a comparative basis. The measure approximates the Company's operating expenses relative to its produced volumes by excluding third party operating costs.

Net transportation and marketing expenses is calculated as transportation expenses less marketing revenues. Management uses net transportation and marketing expenses to determine the current periods' cash cost of transportation expenses less marketing revenue and net transportation and marketing expenses per boe is used to measure transportation efficiency on a comparative basis as well as the Company's ability to mitigate the cost of excess committed capacity.

MICA PROJECT

The "Mica Project" referenced in this news release is a conceptual development study of Leucrotta's resources (Prospective and Contingent Resources) of tight oil and shale gas in the Lower Montney formations on 30 net sections (30 gross) of land in the Mica Area. Leucrotta's average working interest in the lands is 100%. The evaluation is an unrisks full development of the resource with multi-stage frac'ed horizontal wells using best-estimate type curves scheduled over a 5-year time period, effective January 2021. A total of \$543 million of capital (undiscounted) is required for the project with an initial cash outlay of \$112 million before payout is anticipated (5.5 years). The assumed commodity price is a flat WTI USD\$50.00/bbl; AECO CAD\$2.25/GJ; FX 1.28 CAD/USD forecast. There is no assurance that the forecast price and cost assumptions used in the evaluation will be attained and variances could be material. The actual scope of the project will be dependent upon the availability of funding, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained, and other factors. There is uncertainty that it will be commercially viable to produce any portion of the resources. For the prospective resources there is no certainty that any portion of the resources will be discovered and if discovered, there is no certainty that it will be commercially viable to produce any of those resources. The evaluation is an internal estimate prepared in accordance with the COGE handbook by a qualified reserves evaluator.

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, and debt. 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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