



## NEWS RELEASE

### LEUCROTТА EXPLORATION ANNOUNCES 2020 YEAR-END RESERVES

**Calgary, Alberta, April 26, 2021 – Leucrotta Exploration Inc. (“Leucrotta” or the “Company”) (TSXV - LXE)** is pleased to announce its 2020 year-end reserves as independently evaluated by GLJ Ltd. (“GLJ”) effective December 31, 2020 (the “GLJ Report”), in accordance with National Instrument 51-101 (“NI 51-101”) and the Canadian Oil and Gas Evaluation (“COGE”) Handbook. All dollar figures are Canadian dollars unless otherwise noted.

#### **Introduction**

During 2020 and early 2021, Leucrotta made the decision to focus future capital primarily on the Mica Project as outlined in our previous news release dated March 15, 2021. To better align corporate plans with the GLJ Report, Leucrotta decided to remove certain undrilled locations in the Doe and Two Rivers areas that were previously booked but did not fit into Leucrotta’s near term plans. Proved and probable reserves totaling 13.8 million Boe and the associated future development capital (“FDC”) totaling \$97 million were removed from the 2020 GLJ Report. As a result, Leucrotta will be left with a more manageable \$ 227 million of FDC booked.

Subsequent to year-end, the Doe property was disposed of for gross proceeds of \$30 million which will further reduce reserves in the year-end 2021 evaluation. Current (Year-end 2020) proved plus probable reserves booked to the disposition lands are 10.8 million Boe (86% associated with undrilled locations) and the related future development capital totaling \$38 million.

The 2020 GLJ Report books reserves on only a small percentage of the Mica Project development area and uses existing wells that had one-mile lateral lengths and approximately 40 fracs per well to project performance of future wells. In 2021, Leucrotta plans to drill and complete its test Pad that will have approximately 1.5-mile lateral lengths and materially increase the frac intensity. Performance of the new wells will have an effect on locations booked in 2020 as well as any additional lands booked in the future.

For 2021, Leucrotta will use production data from the pad development to build out the reserve base for the Mica Project.

#### **2020 Review**

During 2020, Leucrotta invested \$13.7 million in capital projects that were offset by \$8.2 million in dispositions that resulted in net capital expenditures of \$5.5 million. Capital was primarily at Two Rivers where it drilled and completed one well and completed construction of the Two Rivers facility. While minimal capital was spent on Leucrotta’s main property in Mica, more production data was collected to prove out the existing production curves.

Leucrotta wells continue to experience year after year increased recoveries. For 2020, producing wells had additional increased recoveries of 6% due to well performance. For additional information on recoveries please see “Well Recoveries” at the end of this news release.

#### **Outlook for 2021**

Leucrotta estimates that it currently has \$57.5 million in cash and working capital and no debt.

Leucrotta is planning a 2021 capital program of approximately \$30 million that includes a 3 well test pad in the Montney that incorporates longer horizontal lengths and materially increased frac intensity.

A more detailed capital program for 2021 is anticipated to be released in the near future.

#### **Overview of 2020 Reserve Bookings**

Leucrotta decreased the number of locations booked by 14 net wells on a proved plus probable basis. As previously noted, locations removed and associated FDC of \$97 million will better align the GLJ Report with the planned development. On a cumulative basis,

Leucrotta has booked 17 horizontal Montney wells and 42 horizontal Montney locations. These locations are booked based on one-mile horizontal lengths and previously used frac intensity.

For additional information on reserves assigned to these drilling locations please see "Potential Drilling Locations" at the end of this news release.

### **Capital Expenditures**

Capital allocation by category is as follows:

(\$000s)	2020	2019
Property acquisition	-	1,543
Undeveloped land	1,115	897
Property and equipment dispositions	(8,206)	(4,767)
Sub-total acquisitions/dispositions	(7,091)	(2,327)
Drilling and completion	5,828	4,203
Facilities and related infrastructure	6,630	8,112
Geological, geophysical and other	143	242
Sub-total capital expenditures	12,601	12,557
<b>Total all-in capital</b>	<b>5,510</b>	<b>10,230</b>

### **Reserves Summary**

Leucrotta's December 31, 2020 reserves as prepared by GLJ effective December 31, 2020 and based on the GLJ (2021-01) future price forecast are as follows <sup>(1,4)</sup>:

Working Interest Reserves <sup>(2)</sup>	Tight Oil (Mbbbl)	Shale Natural Gas (Mmcf)	NGLs (Mbbbl)	Total Oil Equivalent (Mboe) <sup>(3)</sup>
Proved				
Producing	467	22,543	286	4,511
Developed non-producing	0	4,328	77	799
Undeveloped	800	44,481	1,268	9,482
Total proved	1,268	71,352	1,632	14,791
Probable	3,150	135,008	3,120	28,772
Total proved & probable	4,418	206,360	4,752	43,563

- Notes:
- (1) Numbers may not add due to rounding.
  - (2) "Working Interest" or "Gross" reserves means Leucrotta's working interest (operating and non-operating) share before deduction of royalties and without including any royalty interest of Leucrotta.
  - (3) Oil equivalent amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil.
  - (4) Disclosure of Net reserves are included in Company's AIF available on SEDAR at [www.sedar.com](http://www.sedar.com). "Net" reserves means Leucrotta's working interest (operated and non-operated) share after deduction of royalties, plus Leucrotta's royalty interest in reserves.

## Reserves Values

The estimated future net revenues before taxes associated with Leucrotta's reserves effective December 31, 2020 and based on the GLJ (2021-01) future price forecast are summarized in the following table <sup>(1,2,3,4)</sup>:

(\$000s)	Discount factor per year				
	0%	5%	10%	15%	20%
Proved					
Producing	42,386	36,926	32,580	29,137	26,382
Developed Non-producing	4,925	3,573	2,642	2,000	1,548
Undeveloped	69,192	40,906	23,625	12,777	5,745
Total proved	116,503	81,406	58,847	43,914	33,675
Probable	297,680	170,565	103,075	64,141	40,008
Total proved & probable	414,183	251,971	161,922	108,054	73,684

### Notes:

- (1) Numbers may not add due to rounding.
- (2) The estimated future net revenues are stated prior to provision for interest, debt service charges or general administrative expenses and after deduction of royalties, operating costs, estimated well abandonment and reclamation costs and estimated future capital expenditures.
- (3) The estimated future net revenue contained in the table does not necessarily represent the fair market value of the reserves. There is no assurance that the forecast price and cost assumptions contained in the GLJ Report will be attained and variations could be material. The recovery and reserve estimates described herein are estimates only. Actual reserves may be greater or less than those calculated.
- (4) The after-tax present values of future net revenue attributed to Leucrotta's reserves are included in Company's AIF available on SEDAR at [www.sedar.com](http://www.sedar.com).

## Price Forecast

The GLJ (2021-01) price forecast is as follows:

Year	WTI Oil @ Cushing (\$US / Bbl)	Edmonton Light Oil (\$Cdn / Bbl)	AECO Natural Gas (\$Cdn / Mmbtu)	Foreign Exchange (US\$/Cdn\$)
2021	48.00	55.49	2.72	0.775
2022	51.50	60.78	2.67	0.765
2023	54.50	63.82	2.60	0.760
2024	57.79	68.14	2.60	0.760
2025	58.95	69.67	2.65	0.760
2026	60.13	71.22	2.71	0.760
2027	61.33	72.80	2.76	0.760
2028	62.56	74.42	2.81	0.760
2029	63.81	76.07	2.87	0.760
2030	65.09	77.59	2.92	0.760
Escalate thereafter <sup>(1)</sup>	2.0% per year	2.0% per year	2.0% per year	

### Note:

- (1) Escalated at two per cent per year starting in 2031 in the January 1, 2021 GLJ price forecast with the exception of foreign exchange, which remains flat.

## Net Asset Value ("NAV")

Leucrotta's NAV as at December 31, 2020 and based on the GLJ (2021-01) future price forecast is as follows:

(\$000s, except per share amounts)

Pre-tax net present value ("NPV") of proved & probable reserves discounted at 10%	161,922
Undeveloped land <sup>(1)</sup>	110,842
Working capital	(5,807)
Net asset value	266,957
Shares outstanding (basic)	200,526
Net asset value per share	\$1.33

### Note:

- (1) Undeveloped land is included at cost of approximately \$665 per acre.

## Reserve Life Index (“RLI”)

Leucrotta’s RLI presented below is based on estimated Q4 2020 average production of 2,897 boe per day.

Reserve Category	RLI
Proved plus Probable Reserves	41.2
Proved Reserves	14.0

## Reserves Reconciliation

The following summary reconciliation of Leucrotta’s working interest reserves compares changes in the Company’s reserves as at December 31, 2020 to the reserves as at December 31, 2019 based on the based on the GLJ (2021-01) future price forecast <sup>(1,2)</sup>:

Total Proved	Light/Medium Oil (Mbbbl)	Tight Oil (Mbbbl)	Conventional Natural Gas (Mmcf)	Shale Natural Gas (Mmcf)	NGLs (Mbbbl)	Total Oil Equivalent (Mboe) <sup>(3)</sup>
Opening balance	27	1,482	-	96,084	3,665	21,188
Discoveries	-	-	-	-	-	-
Extensions and improved recovery	-	62	-	1,762	45	401
Technical revisions	2	94	-	(17,212)	(1,856)	(4,628)
Acquisitions	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-
Economic factors	(16)	(209)	-	(4,194)	(83)	(1,008)
Production	(13)	(162)	-	(5,089)	(138)	(1,161)
Closing balance	-	1,268	-	71,352	1,632	14,791

Proved plus Probable	Light/Medium Oil (Mbbbl)	Tight Oil (Mbbbl)	Conventional Natural Gas (Mmcf)	Shale Natural Gas (Mmcf)	NGLs (Mbbbl)	Total Oil Equivalent (Mboe) <sup>(3)</sup>
Opening balance	28	5,133	13	271,567	10,639	61,061
Discoveries	-	-	-	-	-	-
Extensions and improved recovery	-	74	-	2,011	51	460
Technical revisions	2	(614)	(11)	(62,351)	(5,795)	(16,798)
Acquisitions	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-
Economic factors	(17)	(13)	(2)	220	(5)	2
Production	(13)	(162)	-	(5,089)	(138)	(1,161)
Closing balance	-	4,418	-	206,360	4,752	43,563

### Notes:

- (1) Numbers may not add due to rounding.
- (2) “Working Interest” or “Gross” reserves means Leucrotta’s working interest (operating and non-operating) share before deduction of royalties and without including any royalty interest of Leucrotta.
- (3) Oil equivalent amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil.

## Finding and Development Costs (“F&D”) and Finding, Development and Acquisition Costs (“FD&A”)

Leucrotta has presented FD&A and F&D costs below:

(\$000's, except where noted)	2020		2019		3 Year Cumulative	
	Proved	Proved & Probable	Proved	Proved & Probable	Proved	Proved & Probable
F&D costs (excluding net acquisitions/dispositions)						
Exploration and development expenditures	12,601	12,601	12,557	12,557	59,197	59,197
Change in FDC <sup>(1)</sup>	(44,713)	(97,021)	(14,515)	(5,204)	5	59,795
F&D costs excluding net acquisitions/dispositions (Including FDC)	(32,112)	(84,420)	(1,958)	7,353	59,202	118,992
FD&A costs (including net acquisitions/dispositions)						
Exploration and development expenditures	12,601	12,601	12,557	12,557	59,197	59,197
Net acquisitions (dispositions)	(7,090)	(7,090)	(2,327)	(2,327)	(6,775)	(6,775)
FD&A costs including net acquisitions/dispositions	5,510	5,510	10,230	10,230	52,421	52,421
Change in FDC	(44,713)	(97,021)	(14,515)	(5,204)	5	59,795
FD&A costs including net acquisitions/dispositions (Including FDC)	(39,203)	(91,511)	(4,285)	5,026	52,426	112,216
Reserve Additions (Mboe) <sup>(2)</sup>						
Exploration and development	(5,236)	(16,337)	1,469	3,018	3,305	10,077
Net acquisitions/dispositions	-	-	-	-	-	-
Total Reserve Additions	(5,236)	(16,337)	1,469	3,018	3,305	10,077
F&D costs excluding net acquisitions/dispositions (\$/boe)						
Excluding FDC	(2.41)	(0.77)	8.55	4.16	17.91	5.87
Including FDC	6.13	5.17	(1.33)	2.44	17.91	11.81
FD&A costs (\$/boe)						
Excluding FDC	(1.05)	(0.34)	6.96	3.39	15.86	5.20
Including FDC	7.49	5.60	(2.92)	1.67	15.86	11.14

- Notes:
- (1) Future development capital (“FDC”) expenditures required to recover reserves estimated by GLJ. The aggregate of the exploration and development costs incurred in the most recent financial period and the change during that period in estimated future development costs generally may not reflect total finding and development costs related to reserve additions for that period.
  - (2) Sum of drilling extensions, technical revisions and economic factors in the reserves reconciliation included above.

For Leucrotta’s full NI 51-101 disclosure related to its 2020 year-end reserves please refer to the Company’s AIF 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 “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 document contains forward-looking statements and information relating to the Company’s oil, NGLs and natural gas production and reserves and reserves values, capital programs, and oil, NGLs, and natural gas commodity prices. 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 labor 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.

## **Reserves Data**

There are numerous uncertainties inherent in estimating quantities of light and medium oil, tight oil, shale gas, conventional natural gas and NGLs reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth above are estimates only. In general, estimates of economically recoverable light and medium oil, tight oil, shale gas, conventional natural gas and NGLs reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially.

Individual properties may not reflect the same confidence level as estimates of reserves for all properties due to the effects of aggregation.

This news release contains estimates of the net present value of the Company's future net revenue from its reserves. Such amounts do not represent the fair market value of the Company's reserves.

The reserves data contained in this news release has been prepared in accordance with National Instrument 51-101 ("NI 51-101"). The reserve data provided in this news release presents only a portion of the disclosure required under NI 51-101. All of the required information is contained in the Company's Annual Information Form for the year ended December 31, 2020, available on SEDAR at [www.sedar.com](http://www.sedar.com).

Reserves are estimated remaining quantities of oil and natural gas and related substance anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical and engineering data; the use of established technology, and specified economic conditions, which are generally accepted as being reasonable. Reserves are classified according to the degree of certainty associated with the estimates as follows:

Proved Reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

Probable Reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

## **Well Recoveries**

Well recoveries are equivalent to EUR - Estimated Ultimate Recovery which is defined as "those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from an accumulation, plus those quantities already produced therefrom."

## **Potential Drilling Locations**

This news release discloses drilling locations in three categories: (i) proved undeveloped locations; (ii) probable undeveloped locations; and (iii) an aggregate total of (i) and (ii).

The 42 Montney locations referenced in page 1 of this news release have been assigned reserves in the following categories at December 31, 2020, as independently evaluated by GLJ, in accordance with NI 51-101:

- 13 Proved Undeveloped
- 29 Probable Undeveloped

The drilling locations on which the Company will actually drill wells, including the number and timing thereof is ultimately 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.

## **BOE Conversions**

BOE's may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

## **Industry Metrics**

This news release contains metrics commonly used in the oil and natural gas industry. Each of these metrics is determined by the Company as set out below or elsewhere in this news release. These metrics are "F&D costs", "FD&A costs", "net asset value", and "reserve-life index". These metrics do not have standardized meanings and may not be comparable to similar measures presented by other companies. As such, they should not be used to make comparisons.

Management uses these oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare the Company's performance over time, however, such measures are not reliable indicators of the Company's future performance and future performance may not compare to the performance in previous periods.

"F&D costs" are calculated by dividing the sum of the total capital expenditures for the year (in dollars) by the change in reserves within the applicable reserves category (in boe). F&D costs, including FDC, includes all capital expenditures in the year as well as the change in FDC required to bring the reserves within the specified reserves category on production.

"FD&A costs" are calculated by dividing the sum of the total capital expenditures for the year inclusive of the net acquisition costs and disposition proceeds (in dollars) by the change in reserves within the applicable reserves category inclusive of changes due to acquisitions and dispositions (in boe). FD&A costs, including FDC, includes all capital expenditures in the year inclusive of the net acquisition costs and disposition proceeds as well as the change in FDC required to bring the reserves within the specified reserves category on production.

The Company uses F&D and FD&A as a measure of the efficiency of its overall capital program including the effect of acquisitions and dispositions. The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year.

"Net Asset Value" or "NAV" is calculated based on Leucrotta's estimated future net revenues before taxes associated with Leucrotta's reserves plus the value of undeveloped land and working capital, divided by the number of common shares outstanding. The term NAV does not have any standardized meaning according to IFRS and therefore may not be comparable to similar measures presented by other companies. Management believes that NAV.

"Reserve life index" or "RLI" is calculated by dividing the reserves (in boe) in the referenced category by the latest quarter of production (in boe) annualized. The Company uses this measure to determine how long the booked reserves will last at current production rates if no further reserves were added.

#### **Abbreviations**

<i>Bbl</i>	<i>barrel</i>
<i>Mbbl</i>	<i>thousands of barrels</i>
<i>MMbtu</i>	<i>millions of British thermal units</i>
<i>Mcf</i>	<i>thousand cubic feet</i>
<i>MMcf</i>	<i>million cubic feet</i>
<i>Tcf</i>	<i>trillion cubic feet</i>
<i>NGLs</i>	<i>natural gas liquids</i>
<i>BOE</i>	<i>barrel of oil equivalent</i>
<i>MBOE</i>	<i>thousands of barrels of oil equivalent</i>
<i>WTI</i>	<i>West Texas Intermediate at Cushing Oklahoma</i>

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