



LEUCROTТА ANNOUNCES Q1 2021 FINANCIAL AND OPERATING RESULTS

CALGARY, ALBERTA (May 27, 2021) – LEUCROTТА EXPLORATION INC. (TSXV – LXE) (“Leucrotta” or the “Company”) is pleased to announce its financial and operating results for the three months ended March 31, 2021. All dollar figures are Canadian dollars unless otherwise noted.

HIGHLIGHTS

- Closed a bought-deal public financing issuing 45.2 million units of the Company (“Units”) at a price of \$0.73 per Unit for gross proceeds of \$33.0 million. Each Unit is comprised of one common share of the Company and 0.5 common share purchase warrant of the Company. 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.
- Subsequent to March 31, 2021, the Company disposed of certain natural gas assets located in Doe, BC for gross proceeds of \$30.0 million. The disposed assets were comprised of non-strategic lands and four wells and have been transferred to assets held for sale at March 31, 2021. The disposition closed April 1, 2021.
- Increased adjusted funds flow⁽¹⁾ by 399% to \$3.8 million in Q1 2021 from \$0.8 million in Q1 2020.
- March 31, 2021 adjusted working capital⁽²⁾ balance of \$58.0 million.

FINANCIAL RESULTS

(\$000s, except per share amounts)	Three Months Ended March 31		
	2021	2020	% Change
Oil and natural gas sales	10,474	5,791	81
Cash flow from operating activities	4,919	1,405	250
Per share - basic and diluted	0.02	0.01	100
Adjusted funds flow⁽¹⁾	3,790	760	399
Per share - basic and diluted	0.02	-	100
Net earnings (loss)	1,167	(89,444)	(101)
Per share - basic and diluted	0.01	(0.45)	(102)
Capital expenditures	489	12,012	(96)
Adjusted working capital (deficiency)⁽¹⁾	58,028	(5,223)	(1,211)
Common shares outstanding (000s)			
Weighted average - basic	201,028	200,525	-
Weighted average - diluted	201,062	200,525	-
End of period - basic	245,731	200,525	23
End of period - fully diluted	285,746	226,392	26

(1) See “Non-GAAP Measures” section.

OPERATING RESULTS ⁽¹⁾**Three Months Ended March 31**

	2021	2020	% Change
Daily production			
Oil and NGLs (bbls/d)	519	862	(40)
Natural gas (mcf/d)	13,053	12,354	6
Oil equivalent (boe/d)	2,695	2,921	(8)
Oil and natural gas sales			
Oil and NGLs (\$/bbl)	62.85	39.02	61
Natural gas (\$/mcf)	6.42	2.43	164
Oil equivalent (\$/boe)	43.19	21.78	98
Royalties			
Oil and NGLs (\$/bbl)	11.62	0.87	1,236
Natural gas (\$/mcf)	0.53	0.01	5,200
Oil equivalent (\$/boe)	4.81	0.31	1,452
Net operating expenses ⁽²⁾			
Oil and NGLs (\$/bbl)	9.39	9.95	(6)
Natural gas (\$/mcf)	0.88	0.87	1
Oil equivalent (\$/boe)	6.07	6.60	(8)
Transportation and marketing expenses			
Oil and NGLs (\$/bbl)	0.68	1.46	(53)
Natural gas (\$/mcf)	1.35	1.78	(24)
Oil equivalent (\$/boe)	6.66	7.97	(16)
Operating netback ⁽²⁾			
Oil and NGLs (\$/bbl)	41.16	26.74	54
Natural gas (\$/mcf)	3.66	(0.23)	(1,691)
Oil equivalent (\$/boe)	25.65	6.90	272
Depletion and depreciation (\$/boe)	(8.52)	(8.40)	1
Asset impairment (\$/boe)	-	(330.59)	(100)
General and administrative expenses (\$/boe)	(6.31)	(3.97)	59
Share based compensation (\$/boe)	(1.56)	(0.14)	1,014
Finance expense (\$/boe)	(0.70)	(0.26)	169
Realized loss on risk management contracts (\$/boe)	(1.17)	-	100
Unrealized loss on risk management contracts (\$/boe)	(2.58)	-	100
Net earnings (loss) (\$/boe)	4.81	(336.46)	(101)

(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 months ended March 31, 2021, 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

Operations

With the property sale and financing recently closed (noted below), Leucrotta will now be focused on executing the Mica Project.⁽¹⁾ Planning for the 2021 test pad and the 2022 facility expansion has been underway for some time and field operations will commence shortly. The drilling and completion of the 3-well test pad at Mica, that will utilize longer laterals and materially greater frac intensity, will commence in mid-July. Leucrotta is excited to start the initial phase of the Mica Project.

Financial

As a result of the financing and property disposition noted below, Leucrotta has \$58 million of working capital and no debt.

On March 31, 2021, the Company closed a bought-deal public financing through a syndicate of underwriters. The Company issued 45.2 million 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 warrant of the Company. 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 non-brokered private placement offering of 2.0 million flow-through units at \$0.75 per unit previously announced by the Company was not taken up and the Company's conditional approval with the TSX Venture Exchange will expire on May 29, 2021. The Company intends to consider the private placement at a future date.

New credit facility

Subsequent to March 31, 2021, the Company entered into a credit agreement with a new lender comprised of a \$10.0 million revolving operating demand loan credit facility. The new credit agreement fully replaced the previous \$6.0 million credit facility.

Property sale

On April 1, 2021, the Company disposed of natural gas assets located in Doe, BC for gross proceeds of \$30.0 million as previously released. 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 disposed assets have been transferred to assets held for sale at March 31, 2021.

(1) Full details of the Mica Project are more fully described in the Company's news release dated March 15, 2021 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" and "net operating 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 earnings (loss) per share. Adjusted funds flow is reconciled from cash flow from operating activities under the heading "Cash Flow from Operations and Adjusted Funds Flow" in the Company's MD&A for the three months ended March 31, 2021, 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. Adjusted 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 transportation and marketing expenses, represents the cash margin for every barrel of oil equivalent sold. Operating netback per boe is reconciled to net earnings (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.

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

For additional information, please contact:

Leucrotta Exploration Inc.
Suite 700, 639 – 5th Avenue SW
Calgary, Alberta T2P 0M9
Phone: (403) 705-4525
www.leucrotta.ca

Mr. Robert J. Zakresky
President and Chief Executive Officer

Mr. Nolan Chicoine
Vice President, Finance and Chief Financial Officer

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.