LEUCROTTA
EXPLORATION INC.

LEUCROTTA ANNOUNCES Q2 2021 FINANCIAL AND OPERATING RESULTS

CALGARY, ALBERTA (August 26, 2021) – LEUCROTTA EXPLORATION INC. (TSXV – LXE) ("Leucrotta" or the "Company") is pleased to announce its financial and operating results for the three and six months ended June 30, 2021. All dollar figures are Canadian dollars unless otherwise noted.

HIGHLIGHTS

- Increased adjusted funds flow [(1)] by 209% to $0.9 million in Q2 2021 from negative $0.8 million in Q2 2020.
- Closed the sale of certain natural gas assets located in Doe, BC for gross proceeds of $30.0 million (recognized as assets held for sale at March 31, 2021).
- June 30, 2021 adjusted working capital [(1)] balance of $57.0 million.

FINANCIAL RESULTS

	Three Months Ended June 30			Six Months Ended June 30		
($000s, except per share amounts)	**2021**	2020	% Change	**2021**	2020	% Change
Oil and natural gas sales	**6,426**	5,439	18	**16,900**	11,230	50
Cash flow from (used in) operating activities	**(744)**	(798)	(7)	**4,175**	607	588
Per share - basic and diluted	**(-)**	(-)	-	**0.02**	-	100
Adjusted funds flow (used) [(1)]	**866**	(798)	(209)	**4,656**	(38)	(12,353)
Per share - basic and diluted	**-**	(-)	-	**0.02**	(-)	(100)
Net loss	**(1,592)**	(2,189)	(27)	**(425)**	(91,633)	(100)
Per share - basic and diluted	**(0.01)**	(0.01)	-	**(-)**	(0.46)	(100)
Capital expenditures	**3,745**	662	466	**4,234**	12,674	(67)
Proceeds on sale of properties and equipment	**30,000**	8,206	266	**30,000**	8,206	266
Adjusted working capital (deficiency) [(1)]				**57,029**	(4,309)	(1,423)
Common shares outstanding (000s)						
Weighted average - basic	**245,899**	200,525	23	**223,588**	200,525	12
Weighted average - diluted	**245,899**	200,525	23	**223,588**	200,525	12
End of period - basic				**247,641**	200,525	23
End of period - fully diluted				**289,711**	226,392	28

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

OPERATING RESULTS [1]	Three Months Ended June 30			Six Months Ended June 30		
	2021	2020	% Change	**2021**	2020	% Change
Daily production						
Oil and NGLs (bbls/d)	**431**	1,128	(62)	**475**	995	(52)
Natural gas (mcf/d)	**10,559**	16,019	(34)	**11,799**	14,186	(17)
Oil equivalent (boe/d)	**2,191**	3,797	(42)	**2,441**	3,359	(27)
Revenue						
Oil and NGLs ($/bbl)	**70.66**	21.75	225	**66.41**	29.24	127
Natural gas ($/mcf)	**3.80**	2.20	73	**5.24**	2.30	128
Oil equivalent ($/boe)	**32.23**	15.74	105	**38.25**	18.37	108
Royalties						
Oil and NGLs ($/bbl)	**3.94**	1.64	140	**8.12**	1.31	520
Natural gas ($/mcf)	**0.17**	0.07	143	**0.37**	0.04	825
Oil equivalent ($/boe)	**1.60**	0.77	108	**3.36**	0.57	489
Net operating expenses [2]						
Oil and NGLs ($/bbl)	**9.18**	9.58	(4)	**9.29**	9.74	(5)
Natural gas ($/mcf)	**0.87**	1.04	(16)	**0.88**	0.97	(9)
Oil equivalent ($/boe)	**6.00**	7.24	(17)	**6.04**	6.96	(13)
Transportation and marketing expenses						
Oil and NGLs ($/bbl)	**0.98**	0.74	32	**0.81**	1.05	(23)
Natural gas ($/mcf)	**1.59**	1.49	7	**1.46**	1.62	(10)
Oil equivalent ($/boe)	**7.87**	6.49	21	**7.21**	7.14	1
Operating netback [2]						
Oil and NGLs ($/bbl)	**56.56**	9.79	478	**48.19**	17.14	181
Natural gas ($/mcf)	**1.17**	(0.40)	(393)	**2.53**	(0.33)	(867)
Oil equivalent ($/boe)	**16.76**	1.24	1,252	**21.64**	3.70	485
Depletion and depreciation ($/boe)	**(7.45)**	(8.11)	(8)	**(8.04)**	(8.24)	(2)
Asset impairment ($/boe)	**-**	-	-	**-**	(143.74)	(100)
General and administrative expenses ($/boe)	**(7.89)**	(3.47)	127	**(7.02)**	(3.69)	90
Share based compensation ($/boe)	**(4.12)**	(0.17)	2,324	**(2.72)**	(0.16)	1,600
Gain on sale of equipment ($/boe)	**-**	4.36	(100)	**-**	2.47	(100)
Finance expense ($/boe)	**(0.37)**	(0.18)	106	**(0.55)**	(0.22)	150
Finance income ($/boe)	**0.56**	-	100	**0.25**	-	100
Realized loss on risk management contracts ($/boe)	**(2.62)**	-	100	**(1.83)**	-	100
Unrealized loss on risk management contracts ($/boe)	**(2.86)**	-	100	**(2.71)**	-	100
Net loss ($/boe)	**(7.99)**	(6.33)	26	**(0.98)**	(149.88)	(99)

(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 six months ended June 30, 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

In Q2 2021, Leucrotta successfully completed and tested its first Basal Montney well at Mica. The results (previously released June 15, 2021) were favourable and Leucrotta has now incorporated a Basal Montney well into its first pad.

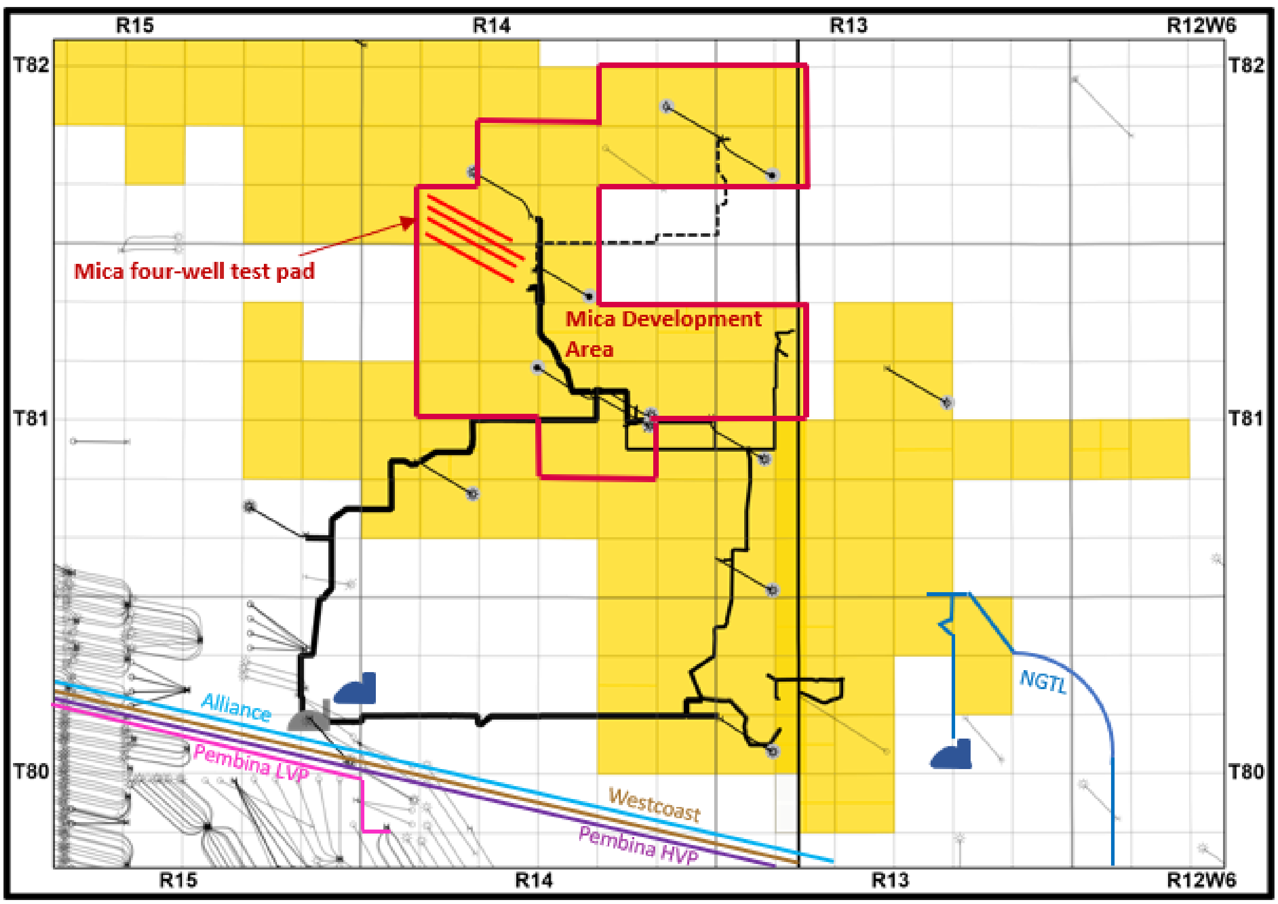
Drilling of the four wells on the Mica pad commenced in late July with the wells expected to be completed and on-stream by mid Q4 2021. The Mica pad wells will be drilled with approximately 2,400 metre horizontal laterals and completed with approximately 130 frac stages per well. This compares to 1,500 metre horizontal lengths and 28-41 frac stages utilized during the delineation phase. Map outlining the four-well test pad in the Mica Development Area and related infrastructure is included below.

Engineering for the facility expansion to accommodate Leucrotta's growth plans into 2022 and 2023 is well underway with initial design plans and cost estimates to be completed in Q4 2021.

Leucrotta will also perform an extended test of the Upper Montney at Mica in the next couple months to further prove out the large Montney resource in place by adding additional productive benches in the Montney.

Financial

Leucrotta ended Q2 2021 with $57.0 million of adjusted working capital and no debt. It has commenced the four-well pad at Mica as noted above and will proceed through its plans to produce >30,000 boe/d within its five-year time horizon. In Q4 2021 we anticipate releasing a full financial plan to achieve our goals in conjunction with finalizing initial cost estimates and confirming pad well results.



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 (used)”, “adjusted funds flow (used) 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. Please refer to the MD&A for additional information relating to Non-GAAP Measures.

Management uses adjusted funds flow (used) 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 (used) 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, expenditures on decommissioning obligations, and transaction costs on property dispositions. The Company also presents adjusted funds flow (used) 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 (used) is reconciled from cash flow from (used in) operating activities under the heading “Cash Flow From (Used In) Operations and Adjusted Funds Flow (Used)”.

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 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

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