



LEUCROTТА ANNOUNCES Q3 2021 FINANCIAL AND OPERATING RESULTS

CALGARY, ALBERTA (November 17, 2021) – LEUCROTТА EXPLORATION INC. (TSXV – LXE) (“Leucrotta” or the “Company”) is pleased to announce its financial and operating results for the three and nine months ended September 30, 2021. All dollar figures are Canadian dollars unless otherwise noted.

HIGHLIGHTS

- Drilled 4-well pad at Mica, BC expected to be completed in Q4 2021.
- September 30, 2021 adjusted working capital ⁽¹⁾ balance of \$45.5 million.
- Increased adjusted funds flow ⁽¹⁾ by 231% to \$1.9 million in Q3 2021 from \$0.6 million in Q3 2020.

FINANCIAL RESULTS (\$000s, except per share amounts)	Three Months Ended September 30			Nine Months Ended September 30		
	2021	2020	% Change	2021	2020	% Change
Oil and natural gas sales	6,954	5,841	19	23,854	17,071	40
Cash flow from operating activities	967	368	163	5,142	975	427
Per share - basic and diluted	-	-	-	0.02	-	100
Adjusted funds flow ⁽¹⁾	1,939	586	231	6,595	548	1,103
Per share - basic and diluted	0.01	-	100	0.03	-	100
Net earnings (loss)	66,545	(2,525)	(2,735)	66,120	(94,158)	(170)
Per share - basic and diluted	0.27	(0.01)	(2,800)	0.29	(0.47)	(162)
Capital expenditures	13,981	647	2,061	18,215	13,321	37
Proceeds on sale of properties and equipment	-	-	-	30,000	8,206	266
Adjusted working capital (deficiency) ⁽¹⁾				45,503	(4,421)	(1,129)
Common shares outstanding (000s)						
Weighted average - basic	247,641	200,525	23	231,694	200,525	16
Weighted average - diluted	247,952	200,525	24	231,737	200,525	16
End of period - basic				247,641	200,525	23
End of period - fully diluted				290,111	218,527	33

(1) See “Non-GAAP Measures” section.

OPERATING RESULTS ⁽¹⁾	Three Months Ended			Nine Months Ended		
	September 30			September 30		
	2021	2020	% Change	2021	2020	% Change
Daily production ⁽²⁾						
Oil and condensate (bbls/d)	299	542	(45)	390	648	(40)
Other NGLs (bbls/d)	26	248	(90)	34	278	(88)
Oil and NGLs (bbls/d)	325	790	(59)	424	926	(54)
Natural gas (mcf/d)	8,953	13,739	(35)	10,840	14,036	(23)
Oil equivalent (boe/d)	1,817	3,080	(41)	2,231	3,266	(32)
Oil and natural gas sales						
Oil and condensate (\$/bbl)	81.52	45.19	80	72.70	36.87	97
Other NGLs (\$/bbl)	34.91	22.95	52	30.68	20.04	53
Oil and NGLs (\$/bbl)	77.74	38.21	103	69.34	31.81	118
Natural gas (\$/mcf)	5.62	2.42	132	5.35	2.34	129
Oil equivalent (\$/boe)	41.59	20.62	102	39.16	19.08	105
Royalties						
Oil and NGLs (\$/bbl)	11.61	1.93	502	9.02	1.49	505
Natural gas (\$/mcf)	0.50	0.06	733	0.41	0.05	720
Oil equivalent (\$/boe)	4.55	0.76	499	3.69	0.63	486
Net operating expenses ⁽³⁾						
Oil and NGLs (\$/bbl)	9.17	10.19	(10)	9.26	9.87	(6)
Natural gas (\$/mcf)	0.86	1.04	(17)	0.87	0.99	(12)
Oil equivalent (\$/boe)	5.89	7.24	(19)	6.00	7.05	(15)
Transportation and marketing expenses						
Oil and NGLs (\$/bbl)	0.74	0.32	131	0.80	0.84	(5)
Natural gas (\$/mcf)	1.23	1.45	(15)	1.40	1.56	(10)
Oil equivalent (\$/boe)	6.20	6.53	(5)	6.93	6.95	(-)
Operating netback ⁽³⁾						
Oil and NGLs (\$/bbl)	56.22	25.77	118	50.26	19.61	156
Natural gas (\$/mcf)	3.03	(0.13)	(2,431)	2.67	(0.26)	(1,127)
Oil equivalent (\$/boe)	24.95	6.09	310	22.54	4.45	407
Depletion and depreciation (\$/boe)	(7.67)	(10.08)	(24)	(7.94)	(8.82)	(10)
Asset (impairment) reversal (\$/boe)	397.21	-	100	109.04	(98.22)	(211)
General and administrative expenses (\$/boe)	(6.78)	(3.94)	72	(6.96)	(3.77)	85
Share based compensation (\$/boe)	(2.26)	(0.64)	253	(2.59)	(0.31)	735
Gain on sale of equipment (\$/boe)	-	-	-	-	1.68	(100)
Finance expense (\$/boe)	(0.63)	(0.33)	91	(0.57)	(0.25)	128
Finance income (\$/boe)	0.38	-	100	0.29	-	100
Realized loss on risk management contracts (\$/boe)	(3.72)	-	100	(2.35)	-	100
Unrealized loss on risk management contracts (\$/boe)	(3.67)	-	100	(2.97)	-	100
Deferred income tax recovery (\$/boe)	0.20	-	100	0.06	-	100
Net earnings (loss) (\$/boe)	398.01	(8.90)	(4,572)	108.55	(105.24)	(203)

(1) See "Oil and Gas Terms" section.

(2) See "Product Types" section.

(3) 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 nine months ended September 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 Q3 2021, Leucrotta successfully drilled its 4-well Montney test pad at Mica and commenced completing these wells in early Q4 2021. The Mica pad wells were 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. Testing of the wells will be completed in November and wells will start producing soon thereafter.

The drilling of the initial pad is the first step in our long-term plan to develop our existing land base, with an intermediate goal of achieving production of 30,000 boe/d within the next 5 years.

Financial

Leucrotta ended Q3 2021 with \$45.5 million of adjusted working capital and no debt. We anticipate that Leucrotta will end 2022 with no debt and >\$25 million of adjusted working capital.

OIL AND GAS TERMS

The Company uses the following frequently recurring oil and gas industry terms in the MD&A:

Liquids

bbls	Barrels
Bbl/d	Barrels per day
NGLs	Natural gas liquids (includes condensate, pentane, butane, propane, and ethane)
Condensate	Pentane and heavier hydrocarbons

Natural Gas

Mcf	Thousands of cubic feet
Mcf/d	Thousands of cubic feet per day
MMbtu	Million of British thermal units
MMbtu/d	Million of British thermal units per day

Oil Equivalent

Boe	Barrels of oil equivalent
Boe/d	Barrels of oil equivalent per day

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 the MD&A. 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. For additional information relating to Non-GAAP Measures please refer to the Company's MD&A for the three and nine months ended September 30, 2021, which is available under the Company's profile on SEDAR at www.sedar.com.

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 earnings (loss) per share. Adjusted funds flow (used) is reconciled from cash flow from (used in) operating activities under the heading "Cash Flow From Operations and Adjusted Funds Flow" in the MD&A.

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. Adjusted working capital (deficiency) is reconciled to working capital (deficiency) under the heading "Liquidity and Capital Resources" in the MD&A.

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" in the MD&A.

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.

PRODUCT TYPES

The Company uses the following references to sales volumes in this news release:

Natural gas refers to shale gas

Oil and condensate refers to condensate, light and medium crude oil, and tight oil combined

Other NGLs refers to butane, propane and ethane combined

Oil and NGLs refers to light and medium crude oil, tight oil, and NGLs combined

Oil equivalent refers to the total oil equivalent of shale gas, light and medium crude oil, tight oil, and NGLs combined, using the conversion rate of six thousand cubic feet of shale gas to one barrel of oil equivalent as described above.

The following is a complete breakdown of sales volumes for applicable periods by specific product types of shale gas, light and medium crude oil, tight oil, and NGLs:

Sales Volumes by Product Type	Q1 2021	Q2 2021	Q3 2021	YTD Q3 2021
Condensate (bbls/d)	124	79	68	90
Other NGLs (bbls/d)	41	34	26	34
NGLs (bbls/d)	165	113	94	124
Light and medium crude oil (bbls/d)	-	-	-	-
Tight oil (bbls/d)	354	318	231	300
Condensate (bbls/d)	124	79	68	90
Oil and condensate (bbls/d)	478	397	299	390
Other NGLs (bbls/d)	41	34	26	34
Oil and NGLs (bbls/d)	519	431	325	424
Shale gas (mcf/d)	13,053	10,559	8,953	10,840
Natural gas (mcf/d)	13,053	10,559	8,953	10,840
Oil equivalent (boe/d)	2,695	2,191	1,817	2,231

Sales Volumes by Product Type	Q1 2020	Q2 2020	Q3 2020	YTD Q3 2020
Condensate (bbls/d)	144	166	145	153
Other NGLs (bbls/d)	271	317	248	278
NGLs (bbls/d)	415	483	393	431
Light and medium crude oil (bbls/d)	41	-	-	14
Tight oil (bbls/d)	406	645	397	481
Condensate (bbls/d)	144	166	145	153
Oil and condensate (bbls/d)	591	811	542	648
Other NGLs (bbls/d)	271	317	248	278
Oil and NGLs (bbls/d)	862	1,128	790	926
Shale gas (mcf/d)	12,354	16,019	13,739	14,036
Natural gas (mcf/d)	12,354	16,019	13,739	14,036
Oil equivalent (boe/d)	2,921	3,797	3,080	3,266

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 and condensate, other NGLs, and natural gas production, capital programs, adjusted working capital, 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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