



NEWS RELEASE

LEUCROTТА EXPLORATION ANNOUNCES UPDATE ON BUSINESS PLAN INCLUDING GAS PROCESSING AND MICA BATTERY FUNDING ARRANGEMENTS, EXPANSION OF MICA PROJECT INTO ALBERTA, AND COMMENCEMENT OF DRILLING PROGRAM

Calgary, Alberta, March 17, 2022 – Leucrotta Exploration Inc. (“Leucrotta” or the “Company”) (TSXV - LXE) has previously announced a Plan to reach 30,000 boepd within a five-year time frame. The accomplishments outlined below will assist in accelerating the development and provide greater clarity on funding and timeline to achieve those goals:

- Gas processing arrangement noted below along with currently owned facilities provides Leucrotta with enough gas processing to reach an interim goal of approximately 25,000 boepd.
- \$55 million infrastructure funding allows Leucrotta to reach its goals using existing cash (\$30 million), estimated cash flow, and projected credit facilities.
- Expansion of Mica Project into Alberta provides jurisdictional and time flexibility in business plan.
- Commencement of Drilling Program will add production and cash flow sooner than previously anticipated.

GAS PROCESSING AND MICA BATTERY FUNDING ARRANGEMENTS

Leucrotta has entered into a 10 year gas processing agreement with NorthRiver Midstream Inc. (“NRM”) to provide 50 mmcf/d of firm processing capacity at NRM’s West Doe gas processing facility. The agreement commences after the construction of the Mica Battery and is subject to a ramp-up period. Leucrotta will also hold certain rights to additional firm processing capacity that, along with Leucrotta’s owned 25 mmcf/d processing facility at Doe, will allow Leucrotta to reach 25,000 boepd in the Mica area.

Concurrent with this agreement, NRM has agreed to provide up to \$55 million of capital funding that Leucrotta will use to construct a battery facility at Mica (the Mica Battery”). The Mica Battery will consist of facilities for in-field processing of oil, gas and water and will deliver gas to NRM’s West Doe gas processing facility. The Mica Battery will have an initial capacity of 60 mmcf/d expandable to 90 mmcf/d with added compression.

ALBERTA DEVELOPMENT OFFSETTING MICA

Leucrotta owns approximately 50 sections of Montney lands in Alberta that mirror the Mica Development in British Columbia. These lands are geologically very similar to Mica with good well control.

Leucrotta recently completed a Lower Montney well in Alberta that was flowing over 600 boepd (150 bopd of 42 API light oil and 2.8 mmcf/d of liquids-rich gas) at the end of an 18-day flow test.⁽¹⁾ The well was drilled in 2018 for land retention and used a 1500 metre lateral and a 52 stage frac. This is in contrast to the recently completed Mica Test Pad that used 2400 metre laterals and 133 stage fracs. The Alberta well compares favourably to similar Mica wells and Leucrotta is very pleased with the result.

Leucrotta views this as a very material development given the significant delineation of the resource and jurisdictional flexibility to spend capital and increase shareholder value while the Mica Project is being permitted and constructed.

COMMENCEMENT OF DRILLING PROGRAM

Leucrotta has secured a drilling rig and is preparing to drill a 5-well Montney Pad located in Alberta offsetting the Mica Development in British Columbia. Drilling is expected to commence by early April and will be drilled to a lateral length of 3,000 metres with 166 frac stages. The wells can be completed in early Q3 2022 and equipped and on-stream in late Q3 2022.

The Mica development will proceed with a total of 10 wells during 2022 and early Q1 2023 to coincide with the commissioning of the Mica Battery once all regulatory approvals are received for Mica Project.

OPERATIONAL AND FINANCIAL UPDATE

Leucrotta estimates Q1 2022 and current production at 4,250 boepd. Production for the remainder of the year is projected to remain relatively flat until the new Alberta Pad is placed on production at which point approximately 4,000 boepd will be added. Mica Pads II and III (5,000 boepd per Pad) would be brought on sequentially during Q1 2023 and Q2 2023 in conjunction with the anticipated start-up of the Mica Battery in Q1 2023.

Leucrotta estimates that current cash and working capital are approximately \$30 million with no debt. In conjunction with year-end filings, Leucrotta will look to increase its bank credit facility to provide more flexibility with respect to its future capital operations.

A new Corporate Presentation has been posted to the Leucrotta website at www.leucrotta.ca.

We look forward to reporting on future developments as we continue to execute our plan and attain various milestones.

(1) Test Results and Initial Production Rates

The Alberta Lower Montney well was production tested for 5.8 days after the original cleanup and produced at an average rate of 522 boe/d (73% gas, 27% Oil and Condensate) over that period, excluding load fluid and energizing fluid. At the end of the test, flowing wellhead pressure and production rates were stable.

A pressure transient analysis or well-test interpretation has not been carried out and thus certain of the test results provided herein should be considered to be preliminary until such analysis or interpretation has been completed. Test results and initial production rates disclosed herein, particularly those short in duration, may not necessarily be indicative of long-term performance or of ultimate recovery.

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 capital programs and production. 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.

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