Crocotta Energy Provides Operational Update

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CALGARY, ALBERTA -- (Marketwired - Oct 28, 2013) - Crocotta Energy Inc. ("Crocotta" or the "Company") (TSX:CTA) is pleased to announce the following: CORPORATE PRODUCTION AND GUIDANCE Crocotta's corporate production averaged over 8,500 boepd for Q313 and is estimated to average 9,500 boepd for Q413. Crocotta is currently drilling at both Edson in West Central Alberta as well as at Dawson in Northeast British Columbia and is on target to meet exit guidance of 10,500 boepd.

EXPANDED CARDIUM OPPORTUNITY BASE AT EDSON

Crocotta has increased its Cardium development inventory at Edson to over 60 net current undrilled development locations as a result of successful step-out drilling combined with farm-ins and land purchases from approximately 20 net locations at the beginning of 2012. The expansion of the opportunity base is even more significant after giving consideration to the fact that Crocotta has already drilled over 20 Cardium horizontal wells in the area which have de-risked the play and provided valuable technical and economic data.

Using a 20 well type curve, Crocotta has generated a production curve and corresponding economics for an average well using current forward curves for commodity prices. This curve generates a return of over 100% with an average well payback period of less than 1 year based on capital costs of $3.35 million per well. The average IP30 is approximately 520 boepd with expected year 1 average production at 225 boepd. Cardium in the area is characterized as high GOR oil wells whereby the production will start at about 60% oil and natural gas liquids in early months and then stabilize at 35-40% oil and natural gas liquids. Crocotta's extensive infrastructure including owned and operated gas plants contribute to the exceptional returns by providing top decile operating costs of approximately $5.50 per boe.

In 2013, Crocotta has drilled 12 (10.6 net) Cardium wells and anticipates to have another 2 (1.75 net) drilled before year-end. For 2014, Crocotta plans to further delineate the Cardium while also blending in Bluesky horizontals that also have returns of approximately 100% and payback of approximately 1 year.

MONTNEY AT DAWSON-SUNRISE AREA IN NORTHEAST BRITISH COLUMBIA ("NEBC")

Crocotta has recently commissioned its sweet gas facility at Dawson which is connected to the Alliance Pipeline system. All of Crocotta's Sunrise production will receive the benefits of increasing liquids yield to an estimated 25 bbls/mmcf from approximately nil. The Crocotta owned facility will also allow Crocotta to significantly reduce its Sunrise operating costs from approximately $12 per boe to approximately $6 per boe.

In Q313, Crocotta drilled and tested 2 Upper Montney wells (one at Sunrise and one at Doe just north of Dawson). The Sunrise well was put on-stream in September and produced on Crocotta's type curve which has an IP30 of 900 boepd and a one year estimated average production of 600 boepd. Based on the forward curve for commodity prices, the Sunrise Montney wells will have a rate of return of approximately 100% and a one year payback.

The Doe well was tested with similar results but is slightly sour and cannot be produced through the Crocotta facility until such time as the facility is expanded to handle the sour content. Crocotta has initiated plans to expand the facility which it estimates will be operational by early 2015. Crocotta will start producing the well in November 2013 but will not receive the benefits of reduced operating costs or increased liquids yield.

Crocotta estimates it has proven up 40-50 development locations for the Upper Montney in the immediate area.

Crocotta is also currently drilling a Lower Montney test well at Doe which will be completed and on-stream in the next few months. If successful, Crocotta's inventory of Montney in the immediate area would double.

OIL EXPLORATION PROJECTS

Crocotta has accumulated various land holdings and allocated capital in the budget to test certain early concept oil prospects. Crocotta has over 40 sections of land targeting resource style light oil in NEBC and over 20 sections of land targeting conventional light oil at Red Earth, Alberta. Crocotta has drilled one well into the NEBC lands which is currently being evaluated and intends to drill one well at Red Earth in Q114.

Crocotta's use of early concept oil exploration is to augment the current visible growth profile of Crocotta that is provided by the Edson and Dawson development inventory.

FINANCIAL UPDATE

Crocotta estimates current net debt at approximately $105 million and year-end net debt at approximately $115 million. Year-end net debt would be approximately 80% of the bank credit facility of $145 million or approximately 1.3 times our exit run rate cash flow based on 10,500 boepd and forward curves for commodity prices.

Based on our capital efficiency ratios achieved to date, Crocotta can maintain its current growth rate using estimated funds flow from operations.

SUMMARY

Crocotta is well positioned to continue to show material growth through the exploitation of its large proven resource base at Edson and in the Montney and has significant financial flexibility to react to opportunities as they arise.

Forward-Looking Information

This press 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, cash flow, net debt, operating costs, royalties, netbacks and capital programs. 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.

BOE Conversions

Barrels of oil equivalent ("boe") 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.

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