

# Crocotta Energy Provides 2014 Guidance

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CALGARY, ALBERTA -- (Marketwired - Jan 30, 2014) - [Crocotta Energy Inc.](#) ("Crocotta" or the "Company") (TSX:CTA) is pleased to announce 2014 Guidance.

## CAPITAL PROGRAM AND GUIDANCE

Crocotta has approved a budget that entails spending approximately \$110 million in 2014 with the focus on Cardium oil at Edson, Bluesky liquids-rich gas at Edson, and Montney liquids-rich gas at Dawson. The budget will be spent approximately 45% in the first half of the year and 55% in the second half and be flexible to allow Crocotta to maintain its strong financial position.

Crocotta estimates average 2014 production to be 10,000 boepd (27% oil and natural gas liquids and 73% natural gas) with exit 2014 production of 11,000 - 11,500 boepd. Crocotta estimates Q114 will be approximately 9,400 boepd with Q214 averaging approximately 10,000 boepd. Q114 average production is affected by the temporary shut-in of a Montney well at Dawson and a Cardium well at Edson. Both wells are anticipated to be back on production by early February.

Edson will receive approximately 60% of budgeted capital that includes drilling 12 net Cardium wells, 3 net Bluesky wells and expanding facilities. Approximately 28% of the budget is allocated to Dawson-Sunrise to drill 5 net Montney wells and expand facilities. The remaining budget is allocated to new play concepts and expanding the land base.

Crocotta estimates 2014 cash flow to be \$90 million based on GLJ Petroleum Consultant's 2014 Forecast (Oil - \$US97.50 WTI, Gas - \$Cdn AECO \$3.84 per GJ, and FX rate of 0.95 Cdn:US). Cash flow would also approximate \$90 million using the current 2014 forward commodity prices for oil and gas. Given commodity prices are volatile, Crocotta will monitor prices and cash flow and adjust capital spending if necessary to maintain a strong balance sheet.

## FINANCIAL

Crocotta exited 2013 with approximately \$114 million of net debt compared to its current bank credit facility of \$150 million. Based on budgeted capital and estimated cash flow, Crocotta will have an average debt to cash flow ratio of 1.35 to 1.00.

Crocotta has hedged the following volumes:

Commodity	Period	Type of Contract	Quantity Contracted	Contract Price
Natural Gas	Apr 2014-Oct 2014	Financial-Swap	5,000 GJ/d	AECO \$Cdn 3.51/GJ
Natural Gas	Apr 2014-Oct 2014	Financial-Swap	5,000 GJ/d	AECO \$Cdn 3.65/GJ
Natural Gas	Apr 2014-Oct 2014	Financial-Swap	10,000 GJ/d	AECO \$Cdn 3.75/GJ
Oil	Jan 2014-Dec 2014	Financial-Swap	500 Bbls/d	WTI \$Cdn 100.80/Bbl
Oil	Jan 2014-Mar 2014	Financial-Swap	500 Bbls/d	WTI \$Cdn 106.55/Bbl

## SUMMARY

Crocotta is well positioned to show accelerated and 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 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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