

Montana Exploration Corp. Signs Extension of Strategic Agreement With U.S. Based Utility

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[Montana Exploration Corp.](#) ("Montana Exploration" or the "Company") (TSXV: MTZ) today announced execution of an amended farm-in agreement (the "Farm-in Agreement") with a major regional Utility to extend the time for performance of the 10 well Initial Drilling Program for approximately nine months to July 1, 2018 (the "Extension Date"). The Farm-in Agreement pertains to approximately 315,000 acres in Blaine and Hill Counties in the State of Montana much of which is "held by production" by shallow zones, where deeper targets have been significantly under-exploited. The Utility is a large producer and purchaser of natural gas for its power and distribution businesses. MTZ is required to drill a minimum of nine new wells on the farm-in acreage by the Extension Date of which at least six must be gas wells.

MTZ has interpreted a 315 square mile 3D data set to define numerous prospects for both oil and natural gas. Under the Farm-in Agreement, MTZ pays 100% of the cost of drilling to earn a 100% working interest in each well subject to a 6.25% royalty which converts to a 25% working interest following payout. Low natural gas prices for the past year have created an opportunity for the Utility to purchase third party gas while the return on natural gas drilling activity by MTZ has been impaired. In consideration for the extension, MTZ will reduce its earning for each non-unitized well drilled by approximately half to a 75% working interest in between four and eight sections to encourage additional drilling activity by MTZ.

Recent activity by MTZ has focussed primarily on the identification of Shaunavon oil prospects refining the Company's interpretation of 315 square miles of 3D seismic in conjunction with historical and current drilling results, geological and production information. MTZ has mapped more than 60 million barrels of recoverable reserves on a non-risked basis. The Company could ultimately drill more than 300 wells to develop this resource. Current netbacks are approximately \$26 based upon a \$50 WTI price. Funding under a previously announced joint venture agreement with a financial party has been delayed while investors have been focussed on defined development opportunities in a challenged market environment. Discussions are none-the-less far advanced with several investors under the \$20 million transaction terms that were previously announced.

ABOUT MONTANA EXPLORATION CORP.

[Montana Exploration Corp.](#) is an oil and gas exploration and production company focusing on the Shaunavon oil and Eagle gas opportunities underlying its extensive land holdings and drilling rights in the State of Montana. In the United States, the company operates through its wholly-owned subsidiary, Montana Land & Exploration, Inc. The Company's common shares are listed on the TSX Venture Exchange under the trading symbol "MTZ". Additional information regarding the company is available at www.SEDAR.com or at www.MontanaExplorationCorp.com.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

SOURCE [Montana Exploration Corp.](#)

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