



PRESS RELEASE

CROCOTTA ENERGY ANNOUNCES SALE OF PROPERTIES AND NEW BANK CREDIT FACILITY

Calgary, Alberta, December 31, 2009 – Crocotta Energy Inc. (“Crocotta” or the “Company”) (TSX – CTA) is pleased to announce that it has agreed to sell various non-core properties for \$33 million. Production from these assets totalled approximately 880 boepd. Crocotta reasonably expects that the sales of these assets will reduce its proved reserves by approximately 1.83 million boe and reduce its proved plus probable reserves by approximately 2.49 million boe. This equates to sales metrics of \$37,500 per boepd, \$17.95 per boe based on proved reserves or \$13.24 on a proved plus probable basis. The sales are comprised of seven separate transactions that are anticipated to be substantially completed by January 31, 2010.

Crocotta has also signed a new bank credit facility for \$58 million and an extension to its existing bridge credit facility to early February 2010. Closing of the bank credit facility is conditional on completion of the asset sales described above and the retirement of the bridge facility. Once all of the asset sales are completed, Crocotta will have approximately \$50 million net debt and will have retired the bridge facility.

Crocotta estimates current production net of the asset sales described above to be 2,400-2,500 boepd comprised of 67% natural gas and 33% light oil and natural gas liquids.

Crocotta will now actively pursue the development of its core resource plays in the Montney, Bluesky and Cadium formations. Further information on the scope and timing of such projects is expected to be released prior to the end of January 2010.

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, natural gas liquids and natural gas production and reserves and reserves values, capital programs, property sales and estimated net 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.

BOE Conversions

BOEs 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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