



PRESS RELEASE

CROCOTTA ENERGY ANNOUNCES OPERATIONAL UPDATE

Calgary, Alberta, January 11, 2012 – Crocotta Energy Inc. (“Crocotta” or the “Company”) (TSX – CTA) is pleased to announce drilling success at Edson and Dawson and 2011 Production.

2011 PRODUCTION

Crocotta achieved a 2011 exit production rate of approximately 6,500 boepd (34% oil and liquids) exceeding both original guidance of 4,500 boepd and the October revised guidance of 5,500-6,100 boepd.

Production averaged 3,725 boepd for 2011 exceeding both original and revised guidance of 3,400 boepd and 3,500 boepd respectively. The average production for Q411 was approximately 5,600 boepd.

OPERATIONS

Crocotta has continued to have drilling success in the Bluesky formation at Edson where it is developing both a north and south trend in the area and has up to 45 net undrilled locations. The north trend has been the primary trend drilled to date where there are up to 25 undrilled locations of varying quality based on permeability. The first well in the south Bluesky trend at Edson (58% WI) was put on production in October 2011 and is currently producing at a rate of 3.0 mmcf/d plus yielding 55 bbls/mmcf of liquids for an overall rate of 565 boepd (25% liquids). The rate of the well is slightly higher than Crocotta’s type curve for the area and further de-risks the 20 net locations in the trend. The liquid content in the gas was slightly higher than originally projected which will increase the rate of return per well above original estimates for the south trend.

In the Cardium at Edson, Crocotta has a 40% working interest in a recently drilled Cardium horizontal well that was producing at approximately 1,000 boepd (60% oil and liquids) at the end of its first two weeks of production. While still very early in the production life of the well, Crocotta is very encouraged by the rates achieved to date. Crocotta has an average 75% working interest in over 55 sections of Cardium rights in the Edson area and is further evaluating the extent of the prospectivity of the overall land base relative to the newest well.

In the Dawson area of Northeast British Columbia, Crocotta recently drilled and tested a horizontal Montney well that production tested over 14 mmcf/d and was flowing at a restricted rate of 11 mmcf/d at the end of a 7 day test period which is consistent with other wells in the area⁽¹⁾. Crocotta estimates that recoverable liquids will be approximately 20 bbls/mmcf based on gas analysis and the production test. It is anticipated that the well will be on production prior to the end of Q112. Crocotta has a 100% working interest in 10 sections of land in the area and 80 net locations in the area based on 4 wells per section in each of the Upper and Lower Montney. Based on logs, tests and recently completed core work on its lands, Crocotta estimates an average of 55-60 BCF per section of OGIP⁽²⁾ volumes on its lands.

FINANCIAL

Crocotta estimates 2011 year-end net debt to be approximately \$30 million as compared to a bank credit facility of \$80 million. The available bank line combined with a low debt to annualized cash flow ratio (0.45 based on 6,500 boepd and current commodity prices) provides significant financial flexibility for the Company for 2012.

Crocotta will be providing 2012 Guidance in early February.

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, oil and natural gas reserves, capital programs, net debt and oil, NGLs, and natural gas commodity prices. 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's") 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.

Information Regarding Oil and Gas Volumes

Note (1) Well test results are not necessarily indicative of long-term performance or of ultimate recovery.

Note (2) Original Gas in Place ("OGIP") is not a defined term within National Instrument 51-101 and is considered equivalent to Discovered Petroleum Initially In Place ("DPIIP"). DPIIP is defined in the Canadian Oil and Gas Evaluation Handbook ("COGEH") as the quantity of hydrocarbons that are estimated to be in place within a known accumulation. DPIIP is divided into recoverable and unrecoverable portions, with the estimated future recoverable portion classified as reserves and contingent resources. There is no certainty that it will be economically viable or technically feasible to produce any portion of this DPIIP except for those portions identified as proved or probable reserves.

For further information, please contact:

CROCOTTA ENERGY INC.

700, 639 –5th Ave SW
Calgary, Alberta T2P 0M9
www.crocotta.ca

Phone: (403) 538-3737

Fax: (403) 538-3735

Robert Zakresky
President and Chief Executive Officer
Phone: (403) 538-3736

Nolan Chicoine
Vice President, Finance and Chief Financial Officer
Phone: (403) 538-3738