Crew Energy Announces Second Quarter 2013 Financial and Operating Results

August 12, 2013

CALGARY, ALBERTA--(Marketwired - Aug. 12, 2013) - Crew Energy Inc. ("Crew" or the "Company") (TSX:CR) of Calgary, Alberta is pleased to present its operating and financial results for the three and six month period ended June 30, 2013.

Highlights

- Funds from operations were $48.1 million or $0.40 per share, a 43% increase over the first quarter of 2013;
- Second quarter production averaged 27,109 boe per day or 4% higher than the 25,961 boe per day produced in the first quarter of 2013;
- Reduced net debt by $23.2 million to $315.7 million or 1.6x annualized second quarter funds from operations;
- Reduced operating costs by 11% over the first quarter of 2013 to $10.76 per boe;
- Recently completed three Septimus, British Columbia Montney wells which were drilled during the second quarter in the new Montney "A" zone which have seven day production tests of 7.6 mmcf per day and 205 bbls per day of ngls, 6.5 mmcf per day and 182 bbls per day of ngls and 6.2 mmcf per day and 170 bbls per day of ngls;
- Subsequent to the quarter-end, closed the acquisition of 81 additional Montney sections bringing Crew's aggregate holdings to 373 net sections of Montney rights in northeast British Columbia and adding 15 TCFE of Total Petroleum Initially in Place ("TPIIP") for a total of 91 TCFE of TPIIP. The Company's July 9, 2013 press release has complete details of the independently completed Montney Resource Evaluation;
- Crew continues with its front-end engineering work to significantly increase natural gas processing capacity in the Septimus area with plans to increase its takeaway capacity from its present capacity of 45 mmcf per day to up to 180 mmcf per day.

Financial ($ thousands, except per share amounts)		**Three months ended June 30, 2013**	Three months ended June 30, 2012	**Six months ended June 30, 2013**	Six months ended June 30, 2012
Petroleum and natural gas sales		**110,793**	99,946	**202,060**	223,021
Funds from operations (note 1)		**48,087**	52,027	**82,275**	100,084
Per share	- basic	**0.40**	0.43	**0.68**	0.83
	- diluted	**0.40**	0.43	**0.68**	0.83
Net income (loss)		**2,007**	24,107	**(20,040)**	17,677
Per share	- basic	**0.02**	0.20	**(0.16)**	0.15
	- diluted	**0.02**	0.20	**(0.16)**	0.15
Exploration and Development expenditures		**30,348**	30,432	**95,600**	159,175
Property acquisitions (net of dispositions)		**(5,717)**	(4,290)	**8,946**	(4,290)
Net capital expenditures		**24,631**	26,142	**104,546**	154,885

Capital Structure ($ thousands)	**As at June 30, 2013**	As at December 31, 2012
Working capital deficiency (note 2)	**27,991**	48,522

Bank loan	**287,687**	242,834
Net debt	**315,678**	291,356
Current bank facility	**430,000**	400,000
Common Shares Outstanding (thousands)	**121,635**	121,620

Notes:

(1) Funds from operations is calculated as cash provided by operating activities, adding the change in non-cash working capital, decommissioning obligation expenditures and the transportation liability charge. Funds from operations is used to analyze the Company's operating performance and leverage. Funds from operations does not have a standardized measure prescribed by International Financial Reporting Standards and therefore may not be comparable with the calculations of similar measures for other companies.

(2) Working capital deficiency includes only accounts receivable less accounts payable and accrued liabilities.

Operations	**Three months ended June 30, 2013**	Three months ended June 30, 2012	**Six months ended June 30, 2013**	Six months ended June 30, 2012
Daily production (note 1)				
Princess and other oil (bbl/d)	**4,561**	5,940	**4,748**	6,355
Lloydminster oil (bbl/d)	**5,981**	6,040	**5,712**	6,101
Natural gas liquids (bbl/d)	**3,085**	2,809	**3,035**	2,957
Natural gas (mcf/d)	**80,893**	80,419	**78,259**	83,237
Oil equivalent (boe/d @ 6:1)	**27,109**	28,192	**26,538**	29,286
Average prices (notes 1 & 2)				
Princess and other oil ($/bbl)	**74.85**	70.41	**69.43**	76.11
Lloydminster oil ($/bbl)	**67.50**	58.95	**59.50**	65.05
Natural gas liquids ($/bbl)	**52.16**	56.27	**53.27**	54.58
Natural gas ($/mcf)	**3.85**	2.06	**3.64**	2.20
Oil equivalent ($/boe)	**44.91**	38.96	**42.07**	41.84
Netback ($/boe)				
Revenue	**44.91**	38.96	**42.07**	41.84
Realized commodity hedging gain (loss)	**(1.74)**	5.94	**(1.16)**	3.12
Royalties	**(8.52)**	(8.86)	**(7.98)**	(10.05)
Operating costs	**(10.76)**	(11.32)	**(11.38)**	(11.75)
Transportation costs	**(1.26)**	(1.39)	**(1.26)**	(1.38)
Operating netback (note 3)	**22.63**	23.33	**20.29**	21.78
G&A	**(1.93)**	(1.68)	**(1.96)**	(1.80)
Interest on bank debt	**(1.21)**	(1.37)	**(1.20)**	(1.21)
Funds from operations	**19.49**	20.28	**17.13**	18.77
Drilling Activity				
Gross wells	**3**	3	**42**	63
Working interest wells	**3.0**	1.6	**39.8**	59.4
Success rate, net wells	**100 %**	100 %	**100 %**	97 %

Notes:

(1) Princess, Alberta oil (20° to 26° API oil) has historically been classified as medium or conventional oil. Effective December 31, 2012 Crew's reserves attributable to its Princess property have been classified as heavy oil to accord with definitions in the royalty regulations in Alberta. Princess and other oil production and pricing are shown separately from Lloydminster heavy oil volumes for clarity and comparison with historical classification.

(2) Average prices are before deduction of transportation costs and do not include hedging gains and losses.

(3) Operating netback equals petroleum and natural gas sales including realized hedging gains and losses on commodity contracts less royalties, operating costs and transportation costs calculated on a boe basis. Operating netback and funds from operations netback do not have a standardized measure prescribed by International Financial Reporting Standards and therefore may not be comparable with the calculations

of similar measures for other companies.

OVERVIEW

During the second quarter, operations and drilling activity were reduced due to spring break-up. The Company continued to follow its disciplined approach to exploration and development, spending $30.3 million or 13% less than originally budgeted. Drilling activity during the quarter included three (3.0 net) wells at Septimus resulting in three natural gas wells. The Company completed three wells at Septimus and three wells at Lloydminster and also recompleted 18 wells at Lloydminster. In addition, during the quarter the Company exercised its option to purchase 81 additional net sections of Montney acreage in northeastern British Columbia for $35.2 million which closed in early July.

Unplanned third party facility outages in the Deep Basin area impacted second quarter production by 650 boe per day while production increased 4% over the first quarter of 2013 to average 27,109 boe per day. Production additions were the result of the Company's successful first quarter drilling program at Septimus, Princess and Lloydminster.

The June floods that caused major damage in southern Alberta resulted in restricted access to downtown Calgary for the week following the flood, including Crew's head office. The Company activated its business continuity plan and all critical systems, communications and business functions continued at remote or disaster recovery sites and therefore Crew's operations were minimally affected by the floods.

FINANCIAL

The Company's second quarter funds from operations increased 43% over the first quarter 2013 to $48.1 million or $0.40 per share. During the quarter, the Company's revenue benefited from stronger oil prices, narrower West Texas Intermediate ("WTI") to Western Canadian Select ("WCS") differentials and increased natural gas prices. Crew also successfully decreased its operating, transportation and general and administrative costs per boe by 9% as compared to the prior quarter which enhanced its funds from operations netback. After non-core property dispositions of $5.7 million, net capital expenditures were $24.6 million which allowed the Company to decrease its net debt by 7% to $316 million.

Revenue was bolstered by stronger oil and gas prices during the second quarter. Canadian dollar WTI averaged $96.43 per bbl for the second quarter, slightly up from the $95.20 in the first quarter. More importantly for the Company, the differential between WCS and WTI narrowed substantially during the quarter resulting in a 22% quarter over quarter increase in Crew's WCS oil benchmark price. Crew's Lloydminster heavy oil pricing was further enhanced in the second quarter by seasonally reduced blending costs. During the second quarter, AECO natural gas prices continued to benefit from an extended winter and decreased storage levels. The AECO benchmark increased 11% over the first quarter to average $3.59 per mcf.

The Company's hedging strategy is focused on partially protecting against significant declines in commodity prices that would negatively impact the cash flow needed to fund the Company's on-going capital program. Crew currently has hedged approximately 49% of its forecasted 2013 natural gas production at a price of approximately $3.22 per mcf. The Company also protects its liquids production from a significant decline in WTI and WCS pricing. Crew has approximately 43% of its forecasted 2013 liquids production protected against a decline in WTI pricing with hedged prices fixed at a floor of approximately $93.26 per barrel. The Company has hedged the differential between WTI and WCS pricing on 4,200 barrels per day at a differential of $21.08 for the second quarter of 2013, 5,329 barrels per day at $22.39 for the third quarter and 4,250 barrels per day at $22.67 for the fourth quarter. Crew has begun building its hedge position to provide a base level of cash flow for 2014. The Company currently has hedged approximately 16.6 mmcf per day of natural gas for 2014 at a price of approximately $3.83 per mcf, 3,000 barrels per day of WTI oil hedged at an average floor price of approximately $96.51 per barrel with additional hedges fixing the differential between WTI and WCS pricing on an average of 1,000 barrels per day at a differential of $22.75 per barrel.

OPERATIONS UPDATE

Septimus/Tower, British Columbia

Septimus area production for the quarter averaged 7,480 boe per day, up 21% from the first quarter and achieving yet another record for the area. Current production is in the 7,500 to 8,000 boe per day range based on field estimates with approximately 1,400 boe per day behind pipe as we are now running at the current capacity of the Septimus gas plant. Installation of the fourth compressor is on track for commissioning and start-up in the fourth quarter which will increase our processing capacity from the current level of approximately 45 mmcf per day to approximately 65 mmcf per day. Concurrent with the plant expansion, Crew is installing a 22.5 kilometer 10" pipeline from the western portion of the property to the gas plant. The Company anticipates achieving full utilization of this capacity by the end of the first quarter 2014.

The Company has been proving additional zones within the Montney to be productive. Crew drilled three (3.0 net) wells in the top of the Upper Montney (Montney "A" zone) with excellent results. The three wells had seven day production tests of 7.6 mmcf per day and 205 bbls per day of ngls, 6.5 mmcf per day and 182 bbls per day of ngls and 6.2 mmcf per day and 170 bbls per day of ngls. The Company has 29 unbooked locations in the Montney "A" on a 15 section block at Septimus. As the completion technology continues to evolve at Septimus, it has become apparent that a number of wells drilled early in the life of the project were not optimally completed. Crew has undertaken one of the first workovers in the area by successfully installing a frac port liner into an existing Montney horizontal well competed in 2009 with a plug and perf completion. The well was re-fractured and came on production at 2.2 mmcf per day (428 boe per day), ten times greater than the well's average production rate, in the first quarter of 2013 and four times greater than the peak initial production of the well in December of 2009. The net workover cost was approximately $1.5 million. The Company is in the process of identifying additional candidates where this technique can be applied.

Deep Basin, Alberta

Deep Basin production in the second quarter was 5,410 boe per day as unplanned third party plant outages and extended turnarounds experienced in the first quarter continued into the second and early third quarter, impacting production in the second quarter by approximately 650 boe per day. No new wells were drilled in the quarter, and two Cardium horizontal well completions at Elmworth originally planned for second quarter were not undertaken until early in the third quarter due to spring road bans being extended into the third quarter. Current production in the Deep Basin is 6,000 to 6,500 boe per day based on field estimates with all third party facilities operating as of the first week of August.

Princess, Alberta

Production for the second quarter averaged 5,500 boe per day with no new wells drilled and no completions undertaken due to spring break-up, high rainfall and approximately 150 boe per day of third party facility downtime. Two additional waterfloods were initiated in the quarter bringing the total to 11 pools currently on injection (approximately 40% of the developed Pekisko resource is now under waterflood). Crew is currently drilling the first of two 100% working interest wells targeting oil from the Mannville. Crew has 60 sections of Crown mineral rights that are prospective for Mannville oil at Princess.

Lloydminster, Saskatchewan

Production for the Lloydminster area averaged 6,015 boe per day for the quarter as the impact of spring break-up was not as significant as initially expected. However, the spring conditions did limit rig activity as no new wells were drilled, only three wells were completed and 18 wells recompleted. Current production levels are between 6,000 and 6,500 boe per day based on field estimates.

OUTLOOK

Crew is maintaining annual guidance to average 27,500 to 28,500 boe per day, exploration and development capital budget at $219 million as well as exit guidance of 29,000 to 30,000 boe per day as production is forecasted to steadily increase through the remainder of the year. Funds from operations was markedly improved over the first quarter as a result of higher production and higher realized product prices. Funds from operations increased to $48.1 million or $0.40 per share up 43% from $0.28 per share in the first quarter. Crew maintained its capital discipline in the second quarter spending $30.3 million on exploration and development activities, 13% less than budgeted while reducing net debt by $22.5 million to 1.6 times annualized second quarter funds from operations.

The Company's move to capture resource continued in northeastern British Columbia by closing the third tranche of our Montney acquisition in July for $35.2 million which added 15 TCFE of TPIIP to Crew's resource inventory. Crew now has 91 TCFE of TPIIP resource in the Montney formation comprised of 44.6 TCF of natural gas and 7.8 billion barrels of oil. We plan to continue to increase production from the current 8,000 boe per day to an estimated 10,000 boe per day in the first quarter of 2014 once the Septimus gas plant has been expanded to 65 mmcf per day of capacity. We will also advance the de-risking of our land base through the planned drilling of five exploratory horizontal wells over the next six months. Crew now has five drilling rigs running and expects to drill over 50 wells in the last half of 2013 as well as recompleting over 40 wells.

The Company will continue to divest of non-core assets to fund production growth in its core areas as well as actively engage in asset swaps to further concentrate our asset base. Crew's capital program will be funded by funds from operations, long-term debt and minor asset dispositions.

Oil prices have continued to strengthen as the WTI/Brent and WTI/WCS differentials have narrowed significantly over the first half of the year resulting in much improved price realizations. This has been partially offset by an approximate $0.50 per mcf reduction in realized natural gas prices. We are currently forecasting realized oil prices to be approximately $6 per bbl higher and natural gas prices to be $0.50 per mcf lower in the third quarter. When combined with higher forecasted production, funds from operations is expected to again be strong in the third quarter. Crew has a very active third quarter planned which we look forward to reporting in November.

Our thoughts are with those who were affected by the floods in southern Alberta. We would like to commend our staff and the people of southern Alberta for their resolve and community spirit in helping in this time of need.

Cautionary Statements

Forward-Looking Information and Statements

This news release contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" "forecast" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this news release contains forward-looking information and statements pertaining to the following: the volume and product mix of Crew's oil and gas production; production estimates including 2013 forecast average and exit production and first quarter 2014 production estimates at Septimus; future oil and natural gas prices and Crew's commodity risk management programs; future liquidity and financial capacity; future results from operations and operating metrics; anticipated reductions in operating costs; future costs, expenses and royalty rates; future interest costs; the exchange rate between the $US and $Cdn; future development, exploration, acquisition and development activities and related capital expenditures and the timing thereof; the number of wells to be drilled, completed and tied-in and the timing thereof; the amount and timing of capital projects; increased processing capacity at Septimus; the total future capital associated with development of reserves and resources; and methods of funding our capital program, including possible non-core asset divestitures and asset swaps.

Forward-looking statements or information are based on a number of material factors, expectations or assumptions of Crew which have been used to develop such statements and information but which may prove to be incorrect. Although Crew believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because Crew can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which Crew operates; the timely receipt of any required regulatory approvals; the ability of Crew to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects in which Crew has an interest in to operate the field in a safe, efficient and effective manner; the ability of Crew to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration; the timing and cost of pipeline, storage and facility construction and expansion and the ability of Crew to secure adequate product transportation; future commodity prices; currency, exchange and interest rates; regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Crew operates; the ability of Crew to successfully market its oil and natural gas products. There are a number of assumptions associated with the potential of resource volumes including the quality of the Montney reservoir, future drilling programs, continued performance from existing wells and performance of new wells, the growth of infrastructure, well density per section, and recovery factors and discovery and development necessarily involves known and unknown risks and uncertainties, including those identified in this press release.

The forward-looking information and statements included in this news release are not guarantees of future performance and should not be unduly relied upon. Such information and statements, including the assumptions made in respect thereof, involve known and unknown risks, uncertainties and other factors that may cause actual results or events to defer materially from those anticipated in such forward-looking information or statements including, without limitation: changes in commodity prices; the early stage of development of some areas in the Evaluated Areas; the potential for *variation in the quality of the Montney formation; changes in the demand for or supply of Crew's products; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of Crew or by third party operators of Crew's properties, increased debt levels or debt service requirements; inaccurate estimation of Crew's oil and gas reserve and resource volumes; limited, unfavourable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time-to-time in Crew's public disclosure documents (including, without limitation, those risks identified in this news release and Crew's Annual Information Form).*

The forward-looking information and statements contained in this news release speak only as of the date of this news release, and Crew does not assume any obligation to publicly update or revise any of the included forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Test Results and Initial Production Rates

A pressure transient analysis or well-test interpretation has not been carried out and thus certain of the test results provided herein should be considered to be preliminary until such analysis or interpretation has been completed. Test results and initial production rates disclosed herein may not necessarily be indicative of long term performance or of ultimate recovery.

Resource Estimates

This news release contains references to estimates of oil and gas classified as Total Petroleum Initially In Place ("TPIIP") in the Montney region in northeastern British Columbia which are not, and should not be confused with, oil and gas reserves. Such estimates are based upon an independent resource evaluation effective as at May 1, 2013, prepared in accordance with the Canadian Oil and Gas Evaluation Handbook. Such estimates are subject to a number of cautionary statements, assumptions, risks, positive and negative factors relevant to the estimates and contingencies, the details of which were set forth in Crew's previously disseminated press release dated July 9, 2013. Accordingly, readers are referred to and encouraged to review the sections entitled "Montney Resource Evaluation", "Definitions of Oil and Gas Resources and Reserves" and "Information Regarding Disclosure on Oil and Gas Reserves, Resources and Operational Information" in the July 9, 2013 press release for applicable definitions, cautionary language, explanations and discussion of resources estimated herein, all of which is incorporated herein by reference.

Crew is an oil and gas exploration and production company whose shares are traded on The Toronto Stock Exchange under the trading symbol "CR".

Financial statements and Management's Discussion and Analysis for the three and six month periods ended June 30, 2013 and 2012 will be filed on SEDAR at www.sedar.com and are available on the Company's website at www.crewenergy.com.

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