Crew Energy Inc. Announces Fourth Quarter 2013 Financial and Operating Results

March 7, 2014

CALGARY, ALBERTA--(Marketwired - March 7, 2014) - Crew Energy Inc. ("Crew" or the "Company") (TSX:CR) of Calgary, Alberta is pleased to present its operating and financial results for the three month period and year ended December 31, 2013.

Highlights

- Funds from operations in the fourth quarter increased 14% over the prior quarter to $48.1 million or $0.40 per share;
- Fourth quarter production averaged 28,682 boe per day which was a 6% increase over the same quarter in 2012 and 2% higher than the prior quarter;
- Crew increased its land position in the Montney to 377 net sections and its Montney production to 10,500 boe per day representing a 70% increase over the year;
- Crew's previously released 2013 year-end reserve report resulted in finding, development and acquisition costs of $9.65 per boe leading to a recycle ratio of 2.3x while increasing reserves per share by 28%;
- Increased heavy oil production at Lloydminster by 20% to 6,800 boe per day at the end of 2013;
- Crew (100%) drilled and completed a well in the volatile oil window of the Montney at Tower, British Columbia producing at an average rate of 865 boe per day (615 bbl per day of 46° API light oil) over a 13 day production test;
- Reduced operating costs by 5% to $10.62 per boe from the third quarter of 2013 which was a reduction of 7% over the same period in 2012;
- Completed a $150 million offering of senior unsecured notes with an 8.375% coupon and a seven year term which provides the Company with $570 million of available debt capacity with total net debt of $383 million at year-end;
- Improved 2013 onstream capital efficiency to $21,300 per producing boe.

Financial ($ thousands, except per share amounts)	**Three months ended December 31, 2013**	Three months ended December 31, 2012	**Year ended December 31, 2013**	Year ended December 31, 2012
Petroleum and natural gas sales	**110,394**	102,473	**430,627**	417,763
Funds from operations (note 1)	**48,128**	47,110	**172,438**	186,604
Per share - basic	**0.40**	0.39	**1.42**	1.54
- diluted	**0.40**	0.39	**1.42**	1.54
Net income/(loss)	**(58,429)**	21,812	**(79,311)**	21,542
Per share - basic	**(0.48)**	0.18	**(0.65)**	0.18
- diluted	**(0.48)**	0.18	**(0.65)**	0.18
Exploration and Development expenditures	**55,996**	55,173	**220,031**	258,791
Property acquisitions (net of dispositions)	**(1,931)**	(86,395)	**40,218**	(96,557)
Net capital expenditures	**54,065**	(31,222)	**260,249**	162,234

Capital Structure ($ thousands)	**As at December 31, 2013**	As at December 31, 2012
Working capital deficiency (note 2)	**40,098**	48,522
Bank loan	**197,688**	242,834
Total bank loan and working capital deficiency	**237,786**	291,356
Bank facility	**420,000**	400,000
Senior unsecured notes	**145,623**	-
Total net debt	**383,409**	291,356

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 accretion of deferred financing charges. 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 December 31, 2013**	Three months ended December 31, 2012	**Year ended December 31, 2013**	Year ended December 31, 2012
Daily production (note 1)				
Princess and other oil (bbl/d)	**4,009**	5,258	**4,350**	5,792
Lloydminster oil (bbl/d)	**6,647**	5,644	**6,028**	5,765
Natural gas liquids (bbl/d)	**3,105**	3,294	**3,022**	3,091
Natural gas (mcf/d)	**89,528**	76,983	**84,306**	79,889
Oil equivalent (boe/d @ 6:1)	**28,682**	27,027	**27,451**	27,963
Average prices (notes 1 & 2)				
Princess and other oil ($/bbl)	**67.92**	68.46	**73.83**	72.66
Lloydminster oil ($/bbl)	**60.49**	60.00	**65.90**	62.93
Natural gas liquids ($/bbl)	**59.03**	47.14	**55.97**	50.06
Natural gas ($/mcf)	**3.82**	3.38	**3.47**	2.54
Oil equivalent ($/boe)	**41.84**	41.21	**42.98**	40.82
Netback ($/boe)				
Revenue	**41.84**	41.21	**42.98**	40.82
Realized commodity hedging gain (loss)	**(0.11)**	1.37	**(1.54)**	2.32
Royalties	**(7.78)**	(7.66)	**(8.53)**	(8.87)
Operating costs	**(10.62)**	(11.41)	**(11.14)**	(11.54)
Transportation costs	**(1.21)**	(1.37)	**(1.25)**	(1.38)
Operating netback (note 3)	**22.12**	22.14	**20.52**	21.35
G&A	**(1.87)**	(1.83)	**(1.86)**	(1.79)
Interest on long-term debt	**(1.99)**	(1.38)	**(1.45)**	(1.31)
Funds from operations	**18.26**	18.93	**17.21**	18.25
Drilling Activity				
Gross wells	**16**	24	**95**	112
Working interest wells	**15.6**	24.0	**91.8**	107.2
Success rate, net wells	**100%**	98%	**99%**	98%

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

Fourth quarter production averaged 28,682 boe per day including the impact of approximately 450 boe per day of pipeline apportionment and third party processing restrictions in the Deep Basin, consistent with budget expectations. Crew's activity in the fourth quarter was focused on optimizing the results of the Company's capital programs in Lloydminster and Septimus, where Crew drilled a total of 15 (15.0 net) wells out of a total of 16 (15.6 net) wells in the quarter. Crew's fourth quarter exploration and development capital expenditures were $56 million including infrastructure enhancements in our Septimus area in preparation for the construction of our second gas processing facility in 2014/2015. Total 2013 exploration and development expenditures of $220 million were consistent with the Company's budget.

Crew's efficiencies have continued to excel with finding and development costs in 2013 of $9.05 per boe generating a recycle ratio of 2.4 times. The focus of our capital expenditures will continue to be in the Montney formation in northeast British Columbia where we were able to achieve proved plus probable finding and development costs of $6.38 per boe generating a recycle ratio of 3.1 times while increasing reserves by 82% and production by 70% over the year. Onstream efficiencies have continued to improve with an average 2013 efficiency of $21,300 per flowing boe assuming a fourth quarter 2012 average production rate of 27,027 boe per day, an average fourth quarter 2013 production rate of 28,682 boe per day, $220 million of exploration and development capital expenditures and a 32% average decline rate. We continue to build value with a year-end net asset value of $13.99 per share increasing proved plus probable reserves to 197.3 million boe representing a 28% increase in reserves per share.

FINANCIAL

Crew's fourth quarter 2013 funds from operations increased 14% over the third quarter and 2% over the fourth quarter of 2012 to $48.1 million or $0.40 per share. Fourth quarter funds flow benefited from stronger natural gas pricing, reduced operating costs and royalties and increased production from the Company's Septimus Montney development. Crew's fourth quarter earnings and full year 2013 earnings were impacted by losses incurred on the Company's risk management program and a write-down on the Company's property, plant and equipment partially offset by a reversal of a previous write-down as described in the annual 2013 Management's Discussion and Analysis.

A cold fall and early start to winter in the major natural gas consuming regions of North America was supportive for pricing as the Company's realized gas price increased 35% over the third quarter to $3.82 per mcf. Pricing in the Company's oil markets remained volatile. While the price for West Texas Intermediate ("WTI") oil, denominated in Canadian dollars, only decreased 7% to average $102.30 for the quarter, prices for Canadian crude continued to see significant volatility due to refinery outages and transportation bottlenecks. The average fourth quarter price for the Company's benchmark Western Canadian Select ("WCS") decreased 25% from the third quarter to average $68.41 per barrel in the fourth quarter. The Company's operating costs and royalties benefited from a 27% increase in Septimus production from the third to the fourth quarter of 2013. Septimus' operating costs and royalties are significantly lower than the Crew's average per unit costs and hence as Septimus production becomes a larger part of the overall production mix, overall corporate operating costs per boe and royalties per boe are expected to decline.

The Company improved its financial flexibility with the October issuance of $150 million of senior unsecured notes issued at an interest rate of 8.375%. The notes have a fixed term of seven years and are not callable by the Company for three years without penalty and thereafter at a set early payment premium. The Company's revised credit facility of $420 million combined with the term debt provides the Company with borrowing capacity of $570 million and the flexibility to move forward with its growth plan.

The Company had a successful fourth quarter exploration and development program which saw the Company spend $56 million focusing on development of liquids rich natural gas from the Montney formation at Septimus and heavy oil in the Lloydminster area. Quarter-end net debt totaled $383 million which represented a 67% drawing on the Company's $570 million borrowing capacity and a net debt to annualized fourth quarter funds from operations of 2 to 1.

The Company's hedging strategy is focused on protecting against significant declines in commodity prices that would negatively impact the funds from operations needed to fund the Company's on-going capital program. Fluctuating prices have caused significant swings in Crew's realized gains and losses from its risk management program over the past year. In the fourth quarter the Company incurred a realized hedging loss of $0.3 million or $0.11 per boe. This compared to a third quarter loss of $9.6 million ($3.71 per boe) and a $3.4 million gain ($1.37 per boe) in the fourth quarter of 2012.

Crew has now built a hedge position to provide a base level of cash flow for 2014. The Company currently has hedged approximately 45.9 mmcf per day of natural gas for 2014 at a price of approximately $3.82 per mcf. The Company also protects against volatile oil prices with contracts in place on 5,020 barrels per day of WTI oil hedged at an average floor price of approximately $98.68 per barrel and additional contracts that fix the differential between WTI and WCS pricing on an average of 3,853 barrels per day at a differential of $23.44 per barrel.

OPERATIONS UPDATE

Septimus/Tower, British Columbia

Crew achieved record Montney production for the fourth quarter of 9,800 boe per day, up 27% from the third quarter as Crew was able to fill the Septimus gas plant expansion five months ahead of schedule. December average production achieved the milestone of 10,500 boe per day which represents full utilization of the facility as well as the positive contribution of a recent Montney oil exploration well that was completed and tested in the quarter. Operating costs continued their downward trend to average $5.23 per boe down another 7% from the third quarter which translated to a strong December operating netback for Septimus of $22.72 per boe.

Crew drilled four (4.0 net) wells in the quarter including a Montney oil exploratory well located 11 kilometers along trend from the Company's established Tower oil production. Crew has now confirmed the existence of the oil hydrocarbon window and the production potential at three key points along the Company's 138 section oil fairway. The well was drilled to a total length of 3,550 meters with a horizontal section of 1,470 meters. Over a 13 day production test, the well produced 7,968 bbls of 46° API oil and 19.5 mmcf of natural gas for an average production rate of 612 bbls per day of oil and 1.5 mmcf per day of gas. We expect the well to be tied-in and on production in the third quarter. Crew is encouraged by this result and continues to monitor industry drilling and completion practices and how they relate to production rates to better understand and evaluate the economics of this play. We believe that drilling and completion practices will continue to be refined leading to improving results as we develop the Company's large resource of 7.8 billion bbls of oil TPIIP. Crew plans on drilling six (6.0 net) wells targeting oil at Tower in 2014.

The Company continues to advance the design of the new Septimus facility and will be in a position to order major equipment in the first quarter of 2014 remaining on track to have the plant operational by mid-2015 with the surveying of new drilling pad sites in progress. Crew completed the installation of a 22.5 kilometer 10" pipeline from the western edge of the Septimus field that will reduce overall field pressures and will be utilized as the first leg of the gathering system to supply sales gas from the new Septimus plant.

In the first quarter of 2014, Crew has drilled one well at Attachie, three wells at Septimus and is currently drilling the Company's first horizontal well at Groundbirch and the first of a six well pad at Septimus. Four wells drilled and brought on production in the fourth quarter continue their strong performance with a 60 day average gross raw gas rate of 6.7 mmcf per day plus 250 bbls per day of liquids (1,290 boe per day with a 7% gas shrinkage factor). Crew's independent evaluators assigned gross Expected Ultimate Recoverable ("EUR") reserves of 5 bcf average per well plus 135 mbbls of liquids.

Lloydminster, Alberta/Saskatchewan

Successful execution of the Company's 2013 capital program resulted in significant production growth in Crew's Lloydminster heavy oil assets. Fourth quarter production averaged 6,680 boe per day up 9% from the third quarter, and the Company achieved its targeted exit production with a December average production rate of 6,800 boe per day. In the fourth quarter, Crew drilled 11 (11.0 net) wells comprised of three horizontal wells, one salt water disposal well and seven vertical wells. Crew is expecting Lloydminster production to average 6,000 to 6,500 boe per day in 2014 with capital expenditures of $36 million.

Deep Basin, Alberta

Fourth quarter production in the Deep Basin averaged 5,036 boe per day as production was impacted by approximately 450 boe per day of pipeline apportionment and third party processing restrictions as noted in our third quarter release. Crew plans to drill one Falher test well in this area in 2014.

Princess, Alberta

Princess production averaged 4,738 boe per day in the fourth quarter, slightly ahead of the third quarter and driven by the success of recent Mannville drilling activity as highlighted in our third quarter release. This production level was achieved with drilling only one (0.6 net) Mannville horizontal well in the quarter. Crew will be focusing on Mannville development in 2014 and plans to drill 16 horizontal wells targeting both the Sunburst and Detrital formations as the relative economics of Mannville development are superior to Pekisko development given the more attractive Crown royalty scheme. In the first quarter, the Company has drilled six (6.0 net) horizontal wells at Princess targeting the Mannville with all six wells expected to be on production by the end of the quarter. Crew will continue to optimize the performance of the Pekisko waterfloods by converting an additional four wells to water injection.

OUTLOOK

Crew is maintaining average 2014 production guidance of 29,500 to 30,500 boe per day with plans to exit the year at 31,500 to 32,500 boe per day. Exploration and development capital expenditures are budgeted at $246 million and will be focused on our Montney growth strategy in northeast British Columbia. The Company has had an active first quarter with four rigs currently drilling.

In 2014, Crew's plans include the following:

- Invest in our Montney resource of 91 TCFE of TPIIP where drilling and completion technology continues to evolve generating continuously improving returns;
- Invest in Montney production infrastructure estimated at $35 million in 2014 to accommodate future production growth targeting corporate exit 2015 production of over 40,000 boe per day;
- Evaluate the Montney potential at Crew's Attachie and Groundbirch, British Columbia properties;
- Further evaluate the Mannville potential at Princess;
- Maintain aggregate production levels at our Deep Basin, Lloydminster and Princess properties with free funds from operations to be distributed to our Montney growth initiatives;
- Continue to high grade our asset base and consolidate acreage in the Montney in northeast British Columbia;
- Funds from operations netbacks are expected to improve as corporate operating costs are forecasted to decline, higher valued oil production at Tower comes onstream, natural gas prices are higher than originally forecasted and a greater number of wells are planned to be drilled horizontally on Crown land at Lloydminster and Princess which will attract lower royalty rates.

We would like to thank our employees and Board of Directors for their steadfast commitment to Crew's success and our shareholders for their continued support. We are excited about our prospects and future and look forward to reporting our first quarter operating and financial results in May.

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 2014 forecast average and exit productions and 2015 exit target; 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 including anticipated timing of the new Septimus facility; 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 and the funding thereof, 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 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 independent resource evaluations effective as at April 30, 2013 and May 31, 2013, respectively, 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.

BOE equivalent

Barrel of oil equivalents or 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. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different than the energy equivalency of 6:1, utilizing a 6:1 conversion basis may be misleading as an indication of value.

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 year ended December 31, 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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