Crew Energy Announces Second Quarter 2014 Financial and Operating Results

August 7, 2014

CALGARY, ALBERTA--(Marketwired - Aug. 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 and six month period ended June 30, 2014.

Q2 Highlights:

- Successfully closed the previously announced disposition of certain producing petroleum and natural gas assets in Alberta (the "Alberta Gas Disposition") reducing debt by $95.8 million from year end 2013 and enabling Crew to sharpen its focus on accelerated Montney development;
- Increased the 2014 capital budget to $285 million following the disposition, and accelerated the Company's development plan of achieving growth in the Montney targeting 45,000 boe per day in 2018;
- Production volumes in the quarter averaged 27,200 boe per day weighted 56% to natural gas, which reflects the May 30, 2014 closing date of the Alberta Gas Disposition;
- Funds from operations of $47.7 million, or $0.38 per diluted share, reflect higher realized pricing and healthy operating netbacks of $28.48 before realized losses under the Company's risk management program;
- Drilled nine (8.3 net) wells with 100% success during the quarter, including four of the six planned horizontal pad drilling wells in Septimus, two exploration wells at Groundbirch and three (2.3 net) oil wells in Lloydminster;
- Spud the first of a six well extended reach horizontal program at the Company's Tower light oil property;
- Early time flow data of 4.5 mmcf per day (after 10 days) and 3.5 mmcf per day (after 14 days) confirm Groundbirch prospectivity and over-pressured reservoir;
- Continued to advance construction of the Company's new 60 mmcf per day gas plant at West Septimus, with the award of major equipment contracts during the quarter, and site preparation expected to commence in the third quarter; and
- Subsequent to the end of the quarter, increased Crew's Montney ownership to 492 net sections with the purchase of 40 net sections for $17.1 million after closing adjustments.

Financial ($ thousands, except per share amounts)	**Three months ended June 30, 2014**	Three months ended June 30, 2013	**Six months ended June 30, 2014**	Six months ended June 30, 2013
Petroleum and natural gas sales	**125,882**	110,793	**256,250**	202,060
Funds from operations (note 1)	**47,724**	48,087	**99,534**	82,275
Per share - basic	**0.39**	0.40	**0.82**	0.68
- diluted	**0.38**	0.40	**0.81**	0.68
Net income (loss)	**3,792**	2,008	**(125,901)**	**(20,039)**
Per share - basic	**0.03**	0.02	**(1.03)**	(0.16)
- diluted	**0.03**	0.02	**(1.03)**	(0.16)
Exploration and Development expenditures	**52,783**	30,348	**118,923**	95,600
Property acquisitions (net of dispositions)	**(215,115)**	(5,717)	**(112,583)**	8,946
Net capital expenditures	**(162,332)**	24,631	**6,340**	104,546

Capital Structure ($ thousands)	**As at June 30, 2014**	As at December 31, 2013
Working capital deficiency (note 2)	**43,260**	40,098
Bank loan	**98,477**	197,688
	141,737	237,786
Senior Unsecured Notes	**145,885**	145,623
Total Net Debt	**287,622**	383,409
Bank facility	**350,000**	420,000
Common Shares Outstanding (thousands)	**122,288**	121,635

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, 2014**	Three months ended June 30, 2013	**Six months ended June 30, 2014**	Six months ended June 30, 2013
Daily production (note 1)				
Princess and other oil (bbl/d)	**3,382**	4,561	**3,340**	4,748
Lloydminster oil (bbl/d)	**5,957**	5,981	**6,042**	5,712
Natural gas liquids (bbl/d)	**2,608**	3,085	**3,019**	3,035
Natural gas (mcf/d)	**91,520**	80,893	**91,241**	78,259
Oil equivalent (boe/d @ 6:1)	**27,200**	27,109	**27,608**	26,538
Average prices (notes 1 & 2)				
Princess and other oil ($/bbl)	**89.32**	74.85	**85.64**	69.43
Lloydminster oil ($/bbl)	**80.10**	67.50	**74.75**	59.50
Natural gas liquids ($/bbl)	**53.64**	52.16	**59.83**	53.27
Natural gas ($/mcf)	**5.07**	3.85	**5.45**	3.64
Oil equivalent ($/boe)	**50.86**	44.91	**51.28**	42.07
Netback ($/boe)				
Revenue	**50.86**	44.91	**51.28**	42.07
Realized commodity hedging loss	**(4.86)**	(1.74)	**(4.16)**	(1.16)
Royalties	**(10.15)**	(8.52)	**(10.39)**	(7.98)
Operating costs	**(10.72)**	(10.76)	**(11.04)**	(11.38)
Transportation costs	**(1.51)**	(1.26)	**(1.37)**	(1.26)
Operating netback (note 3)	**23.62**	22.63	**24.32**	20.29
G&A	**(1.94)**	(1.93)	**(2.03)**	(1.96)
Interest on long-term debt	**(2.40)**	(1.21)	**(2.38)**	(1.20)
Funds from operations	**19.28**	19.49	**19.91**	17.13
Drilling Activity				
Gross wells	**9**	3	**30**	42
Working interest wells	**8.3**	3.0	**27.3**	39.8
Success rate, net wells	**100%**	100%	**100%**	100%

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 gains and losses on financial instruments.

(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 of 2014, Crew continued to execute on the development of its world class Montney resource and achieved several key milestones. The Company closed the Alberta Gas Disposition, comprised of approximately 7,000 boe per day of 75% natural gas production, and 60.4 mmboe(1) of proved plus probable reserves. Consideration for the Alberta Gas Disposition, which closed May 30, 2014, included approximately $222 million in cash (before closing adjustments) plus approximately 400 barrels per day of heavy oil production. These transactions enabled Crew to increase its 2014 capital budget by 16% to $285 million, and accelerate its development plan focused on achieving a Montney growth target of 45,000 boe per day in 2018.

Production volumes during the quarter averaged 27,200 boe per day (56% natural gas), which reflects the impact of the Alberta Gas Disposition on May 30th. Exploration and development capital expenditures in the quarter totaled $52.8 million, with 78% ($41.4 million) allocated to Crew's core Montney assets, 12% ($6.4 million) to activities in Lloydminster, 6% ($3.4 million) to Princess, with the balance directed to the Deep Basin and other Alberta areas (prior to the Alberta Gas Disposition). Greater than 56% ($29 million) of the capital in the quarter was directed to drilling and completions activities and approximately 26% ($13.9 million) to key infrastructure investments, predominantly in the Montney for the new 60 mmcf per day facility being constructed at West Septimus. Land, seismic and other expenditures represent the balance. Employing a disciplined approach to its capital program, Crew will continue to focus on the ongoing development and delineation of its massive Montney resource, as well as prudently invest in the associated key production infrastructure.

FINANCIAL

Crew's second quarter funds from operations totaled $47.7 million or $0.38 per diluted share, an 8% decrease over the prior quarter, primarily related to lower natural gas prices and lower production volumes as a result of the Alberta Gas Disposition.

Natural gas storage levels exited the winter heating season well below historical averages; however, recent robust inventory builds due to record production levels coupled with cooler than normal summer weather have reduced the deficit. As such, the Company's second quarter natural gas price of $5.07 represented a decrease of 13% compared to the prior quarter but remains 32% higher than the same period in 2013. Oil prices carried over the strength experienced in the first quarter as the CDN$ West Texas Intermediate ("WTI") price averaged $113.34 per bbl. The discount for Canadian heavy oil, measured as the Western Canadian Select ("WCS") price differential to WTI, narrowed to average CDN$19.34 per bbl as compared to CDN$25.55 per bbl for the previous quarter. Positive catalysts for the narrowing differential included ongoing increases in crude-by-rail exports, pipeline and infrastructure expansion projects, enhanced market access, and growing demand. Robust crude pricing resulted in Crew's oil and natural gas liquids price averaging $76.94 per bbl, an increase of 8% over the first quarter of 2014.

The full impact of higher oil and natural gas liquids prices through the quarter was offset by a realized hedging loss incurred under the Company's risk management program. Crew's risk management strategy is designed to protect against significant declines in commodity prices, and safeguard funding for the Company's ongoing capital program. The strong oil price environment in the second quarter of 2014 resulted in Crew incurring a realized hedging loss of $12.0 million or $4.16 per boe, compared to a loss of $4.3 million or $1.74 per boe in the same period in 2013.

The Company invested $52.8 million in the quarter, primarily focused on the development of liquids rich natural gas from the Montney formation at Septimus, and related infrastructure. Net debt at the end of the second quarter totaled $287.7 million, including $145.9 million of unsecured notes and $141.8 million of working capital deficiency and bank loan, representing a draw of 41% on the Company's $350 million bank facility, which was revised following the closing of the Alberta Gas Disposition.

OPERATIONS UPDATE

Septimus/Tower, British Columbia ("B.C.")

Crew maintained its activity levels in the Montney through the second quarter, with the drilling of six (6.0 net) horizontal wells. Favorable surface conditions and year-round access in the area enable the Company to develop the assets with pad drilling, which drives operational efficiencies, reduced costs, and minimized surface footprint. In Septimus, four (4.0 net) wells were drilled on the Company's first six well pad in the area, which will be completed early in the third quarter, and brought on production at the conclusion of the Septimus plant turnaround scheduled for mid-August. On the Company's Groundbirch lands, two (2.0 net) exploration wells were drilled to assess reservoir characteristics and determine optimum wellbore design for Crew's long-term development plan. The wells are on early flow and build-up testing and preliminary estimates have indicated that they are located within the over-pressured window of the Montney (1.3 to 1.4 times normal pressure) consistent with the Company's expectations. The wells were flowing at rates of 3.5 mmcf per day and 4.5 mmcf per day with high rates of frac fluid (960 bbls per day and 670 bbls per day, respectively) and condensate levels of 3 to 4% while continuing to clean up.

Additional operations ongoing in the area include:

- Drilling the third well of a six well program at the Company's Tower oil property;
- Construction of the first phase of a 5,000 barrels of oil per day facility at Tower expected to be in service late Q3;
- Drilling the second well of an eight well pad at West Septimus, which will ultimately supply initial production to the Company's new 60 mmcf per day capacity gas plant;
- Completion of a six well pad at Septimus to supply Crew's existing gas plant; and
- Acquisition of an approximately 28 square mile 3D seismic program over the Company's Groundbirch lands and six square mile 3D seismic program at Tower.

Production from the Septimus area increased slightly in the second quarter to average 10,258 boe per day with the Septimus gas plant having achieved its operating capacity in the first quarter. Operating netbacks from the area remained strong, averaging $24.40 per boe.

Crew continued to progress on the construction of its West Septimus gas plant with a design capacity of 60 mmcf per day which is expected to be in operation early in the third quarter of 2015. Major equipment contracts have been awarded and site preparation will commence in the third quarter. The cost estimates and timelines for the project remain consistent with the Company's previous forecast and its long-range Montney growth plan.

Subsequent to the end of the quarter, the Company acquired 40 net sections of Montney land strategically situated at its Groundbirch and Attachie properties for $17.1 million after closing adjustments. This acquisition brings Crew's aggregate Montney holdings to 492 net sections and positions the Company in the top five Montney holders in British Columbia.

Lloydminster, Alberta/Saskatchewan

At the Company's heavy oil property in Lloydminster, Crew drilled three (2.3 net) oil wells and recompleted 18 (16.4 net) existing wells, a result of a wet spring. Production for the quarter averaged 5,975 boe per day, which includes 105 boe per day of acquired production volumes. Operating netbacks of $41.97 per boe were strong supported by improved differentials. Capital expenditures at Lloydminster in 2014 are expected to be $36 million.

Princess, Alberta

During the second quarter, production at Princess averaged 4,045 boe per day. Crew's first quarter drilling program of six Mannville evaluation wells contributed 721 boe per day in April 2014, and averaged 620 boe per day for the full quarter which is consistent with the Company's expectations.

Operating netbacks were strong for the quarter averaging $40.93 per boe. An additional five Mannville wells are expected to be drilled in the second half of 2014 to continue the delineation on the Company's Crown lands which have a favorable royalty regime.

While the Company is pleased with the recent Mannville results of its Princess drilling program, it has moved forward with an evaluation of opportunities to potentially dispose of this property. The Company has received expressions of interest from a number of parties regarding a potential transaction. While discussions are ongoing, no agreement of any kind, whether binding or non-binding, has been entered into and there is no assurance that any binding agreement will be entered into in the future or that any transaction will be considered or completed. Proceeds from a transaction, if completed, would be redeployed into accelerated development of the Company's Montney assets.

OUTLOOK

Crew continues to focus on the successful execution of its strategy to drive long-term production growth within the Company's Montney resource of over 109 trillion cubic feet equivalent ("TCFE") of total petroleum initially in place ("TPIIP"). Following closing of the Alberta Gas Disposition on May 30, 2014, Crew is well positioned with an increased 2014 capital budget of $285 million, and 71 net wells planned. This activity is forecast to result in average 2014 production of 25,500 to 26,500 boe per day, with exit production between 26,000 and 27,000 boe per day (weighted approximately 50% to natural gas).

The Company will continue to seek opportunities to high grade and consolidate properties within its core areas, which affords greater control over timing and pace of development. To support Crew's planned drilling and production growth, further investments in infrastructure are ongoing, including preparations for a new 60 mmcf per day capacity gas plant at West Septimus, which is expected to be commissioned by the end of the third quarter of 2015. These initiatives further advance Crew's five year growth plan of achieving a 2018 exit production rate of 45,000 boe per day, with infrastructure in place to process 240 mmcf per day of natural gas production and 5,000 bbls per day of oil.

Through the balance of 2014 and into 2015, Crew's focus will remain on the following initiatives:

- Continue to develop and delineate the Company's growing Montney resource, which remains at the very early stages of its development and offers significant long term growth potential;
- Undertake further evaluation of the Montney potential at Crew's exploratory Attachie and Groundbirch properties, and continue to develop its oil property at Tower, B.C.;
- Adopt leading-edge drilling and completion technologies to enhance rates of return through achieving high initial production rates and greater ultimate recoveries;
- Further add to its attractive land position within the Montney by capturing consolidation opportunities and high grading the existing asset base;
- At Lloydminster and Princess, invest capital prudently to maintain production levels in those areas, and direct free funds from operations towards continued Montney development; and
- Maintain Crew's position as a leading Montney operator known for exercising responsible fiscal, safety and environmental stewardship.

We would like to thank all of our employees, management team and Board of Directors for their unwavering commitment to the successful execution of Crew's strategy, and to all of our shareholders for their support and confidence. The team at Crew is very excited about the long-term potential of our asset base, and we look forward to reporting on our continued growth and progression.

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; 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 and potential to improve ultimate recoveries and initial production rates; 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 West Septimus and Tower facilities; 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. In this news release reference is made to the Company's five year growth plan including future processing capacity in Northeast British Columbia and a 2018 Montney production target of 45,000 boe per day which are not estimates or forecasts of rates that may actually be achieved. Such information reflects internal projections used by management for the purposes of making capital investment decisions and for internal long range planning and budget preparation. Accordingly, undue reliance should not be placed on same.

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 assigned to the Evaluated areas 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.

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 April 30, 2014 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 May 7, 2014. Accordingly, readers are referred to and encouraged to review the sections entitled "Northeast British Columbia 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 May 7, 2014 press release for applicable definitions, cautionary language, explanations and discussion of resources estimated herein, all of which is incorporated herein by reference.

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.

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 three and six month periods ended June 30, 2014 and 2013 will be filed on SEDAR at www.sedar.com and are available on the Company's website at www.crewenergy.com.

(1) Reflects "gross" reserves assigned by the Company's independent reserves evaluator, Sproule Associates Limited, effective December 31, 2013 in accordance with the definitions and provisions contained in the COGE Handbook.

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