



Crew Energy Announces Agreement to Dispose of Princess, Alberta Asset and Expanded Focus on Montney Development

August 28, 2014

CALGARY, ALBERTA--(Marketwired - Aug. 28, 2014) - Crew Energy Inc. ("Crew" or the "Company") (TSX:CR) of Calgary, Alberta is pleased to announce that it has entered into a purchase and sale agreement to dispose of its Princess, Alberta asset for total cash consideration of \$150 million, before customary closing adjustments, allowing the Company to sharpen its focus on the development of its core Montney assets in Northeast British Columbia.

Princess Disposition

Crew has entered into an agreement to sell its petroleum and natural gas assets in the Princess area of Southeast Alberta ("Princess") for total cash consideration of approximately \$150 million before customary closing adjustments (the "Princess Disposition"). The Princess Disposition is scheduled to close on or about September 30, 2014 with an effective date of August 1, 2014, subject to satisfaction of customary industry closing conditions. The proceeds from the Princess Disposition will be used to expand Crew's 2014 Montney capital program by \$20 million, and repay bank debt.

The assets to be sold under the Princess Disposition consist of:

- Current production of 3,650 boe per day (78% liquids) based on field estimates;
- Total proved reserves of 12.4 million boe (86% liquids)⁽¹⁾;
- Total proved plus probable reserves of 22.7 million boe (87% liquids) with total future development capital of \$70 million ⁽¹⁾; and
- 259,234 net acres of petroleum and natural gas rights.

⁽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.

Pro-forma

Following closing of the Princess Disposition, Crew expects to have the following pro-forma operational and financial attributes:

Post-Transaction Corporate Summary	Pro-forma ⁽¹⁾
------------------------------------	--------------------------

Production (boe per day):

Forecasted average 2014	24,500-25,500
Forecasted exit 2014	22,000-23,000
Forecasted exit 2015 ⁽³⁾	36,000-38,000

Financial

Estimated 2014 funds from operations (\$ mm)	180
Senior unsecured notes (\$ mm)	146
Estimated bank debt (\$ mm)	94
Estimated bank borrowing base (\$ mm)	270 to 280

Reserves and Land

Estimated proved reserves (mmboe) ⁽²⁾	74.8
Estimated proved plus probable reserves (mmboe) ⁽²⁾	123.5
Montney acreage (net)	315,390
Total Company acreage (net)	571,766

⁽¹⁾ Pro-forma assuming Princess Disposition completed on date specified.

Based upon the reserve report prepared by the Company's independent reserves evaluator, Sproule Associates Limited, effective December 31,

⁽²⁾ 2013 in respect of the Company's oil and gas interests owned as at such date, and after removing the reserves assigned to the Company's assets which are subject to the Princess Disposition and Alberta Gas assets disposed of by the Company earlier this year (see the April 9, 2014 press

release), and adding the internally estimated reserves attributed to the Company's northeast British Columbia acquisitions completed in late March, 2014. Reflects "gross" reserves as such term is defined in the COGE Handbook.

- (3) Reflects target production based on internal long range planning which are subject to change as more definitive capital plans and budgets are prepared in respect of 2015.

Strategic Rationale

The disposition of the Princess assets will allow Crew to direct its capital investments to projects offering superior economic returns and allow acceleration of its growth plans in the Montney. The Company will expand investment in the Montney play which achieved an attractive recycle ratio of 3.1 times in 2013, compared to Crew's corporate average of 2.3 times.

With a Montney land base of over 300,000 acres and an estimated drilling inventory in excess of 2,100 locations, Crew is well positioned to replace the production and reserves from the Princess Disposition with continued development of the Montney. To replace production, the approximately \$150 million in proceeds from this disposition could fully fund the construction and commissioning of a new 60 mmcf per day gas plant and the drilling of approximately 20 Montney liquids-rich gas wells to fill the new facility. The most recent subset of wells have had 30 day production rates of six to eight mmcf per day, with associated liquids of 30 bbls per mmcf (60% condensate). In addition to production increases, expected ultimate recoveries ("EURs") have also improved over time, with recoveries in 2011, 2012 and 2013 increasing from 2.8 to 3.2 to 4.3 bcf per well, respectively. Both production and recovery rates are expected to continue improving with the application of new technologies related to drilling and completion practices, combined with an evolving understanding of the Montney reservoir.

Crew remains sharply focused on the execution of its five year plan. This includes continued consolidation of its Montney land position in the portion of the fairway featuring a hydrocarbon charged thickness in excess of 800 feet, as well as the expansion of its processing infrastructure. Consistent with this plan, the Company acquired an additional 40 net Montney sections in the Attachie and Monias areas of British Columbia subsequent to the end of the second quarter 2014 to now own 492 net sections of Montney rights.

Crew's new 60 mmcf per day facility at West Septimus is expected to come onstream in the third quarter of 2015. This first phase incorporates the necessary engineering to accommodate an expansion in late 2015 to 120 mmcf per day of processing capacity.

Based on our current five year plan, the West Septimus expansion is to be followed by the commissioning of a new 60 mmcf per day facility at Groundbirch which is expected to take Crew's processing capacity in the Montney play to 240 mmcf per day.

Strategically, these plant expansions and new build scenarios all take advantage of pipeline take-away capacity on the three major pipeline systems in the area, which include the:

- Alliance pipeline system;
- Spectra Westcoast system; and
- Trans-Canada Pipeline Nova System.

Crew currently holds existing capacity, or is in advanced commercial agreement negotiations on all of the three major pipeline systems in the region. This allows Crew to benefit from both market and operational diversification and also positions the Company to serve the many proposed West Coast LNG pipeline projects.

With its long term drilling potential coupled with significant take-away capacity, Crew is exceptionally well positioned to deliver its growing product stream into various markets, such as the Pacific Northwest, the TCPL AECO market, the upper mid-west Market in the Chicago area, as well as being positioned to meet potential LNG demand along the West Coast of Canada and the United States.

Operations Update

Crew successfully completed a full turnaround at the Crew operated Septimus gas plant ahead of schedule and under budget. The plant was budgeted to be down ten days and was back up and running at 60 mmcf per day in seven days. The Company is currently bringing on wells from its newly completed six well pad at Septimus, the production from which is intended to maintain the plant at capacity. After 13 days, the first well is flowing into the plant at nine mmcf per day with 260 bbls per day of free condensate which has backed out approximately 5.6 mmcf per day of legacy production that is expected to be restored once operating pressures have been normalized. Crew has another five wells that are in various stages of testing to maintain the Septimus plant capacity.

At Tower, the first three wells of a planned six wells have been drilled and are expected to be completed late in the third quarter of 2014. Also at Tower, construction of the first phase of a 5,000 bbls of oil per day treating facility is currently underway. Field construction on the new 60 mmcf per day West Septimus gas plant is expected to commence early in the fourth quarter of 2014 with a target completion of early in the third quarter of 2015. The Company currently has two rigs drilling in northeast British Columbia with one drilling the third well of an eight well pad at West Septimus and one rig targeting oil at Tower. One rig is also active drilling for heavy oil in the Lloydminster area.

Expanded Capital Program

After closing the Princess Disposition, Crew plans to expand its 2014 Montney focused development capital program by \$20 million, bringing the Company's total capital expenditure program for the year to \$305 million. The program will be focused at Tower, drilling for light oil and West Septimus drilling for liquids rich natural gas in preparation for the start-up of the first phase of the Company's new gas plant in the third quarter of 2015. The first phase incorporates the necessary engineering of the West Septimus gas plant to accommodate an expansion in late 2015 to 120 mmcf per day of processing capacity. The Company intends to continue to evaluate well performance and costs at Septimus and Tower in order to direct capital to areas with superior economic returns.

Advisors

Macquarie Capital Markets Canada Ltd. has acted as financial advisor to Crew and each of TD Securities Inc., Cormark Securities Inc. and GMP Securities LP acted as strategic advisors on the Princess Disposition.

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: various matters related to the proposed transactions disclosed herein including completion of the proposed Princess Disposition and the timing thereof, satisfaction of closing conditions thereto, the amount of and use of proceeds, the effect of the transaction on continuing operations and the benefits anticipated to be derived therefrom, post-transaction strategy, plans, opportunities and operations; Crew's plans on a post-transaction basis including its projected replacement of related production and reserves; the anticipated potential of Crew's asset base; the volume and product mix of Crew's oil and gas production; production estimates including 2014 forecast average and exit productions and 2015 estimated exit target; estimated 2014 funds from operations; projected debt levels including forecast 2014 bank debt and borrowing base on a post-transaction basis; 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 improvements in production and recovery 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 and infrastructure expansion; 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: that all conditions to closing of the Princess Disposition are satisfied or waived; 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 differ 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.

Reserves

The recovery and reserves estimates contained herein are estimates only and there is no guarantee that the estimated reserves will be recovered. In relation to the disclosure of estimates for individual properties, such estimates may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

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".

Crew Energy Inc.
Dale Shwed
President and C.E.O.
(403) 231-8850

Crew Energy Inc.

John Leach
Senior Vice President and C.F.O.
(403) 231-8859

Crew Energy Inc.
Rob Morgan
Senior Vice President and C.O.O.
(403) 513-9628

www.crewenergy.com