



Crew Energy Inc. Announces Third Quarter 2019 Financial and Operating Results Highlighted by 24% Growth in Quarterly Condensate Volumes

November 4, 2019

CALGARY, Nov. 4, 2019 /CNW/ - Crew Energy Inc. (TSX: CR) ("Crew" or the "Company") is pleased to announce our operating and financial results for the three and nine month periods ended September 30, 2019. Crew's Financial Statements and Notes, as well as Management's Discussion and Analysis ("MD&A") for the three and nine month periods ended September 30, 2019 are available on Crew's website and filed on SEDAR at www.sedar.com.

Q3 2019 HIGHLIGHTS

- **Average Production of 22,824 boe per day with 29% Liquids:** Liquids volumes increased to 29% of production for both Q3/19 and year-to-date 2019, compared to 25% in Q3/18, representing a 16% increase. Liquids made up 58% of Crew's total petroleum and natural gas sales in the quarter, while oil and condensate volumes were 67% of the Company's total liquids.
- **Ultra Condensate-Rich ("UCR") Montney Growth Drives 24% Growth in Condensate Volumes:** Condensate production for the quarter grew 24% to 2,575 bbls per day from 2,077 bbls per day in Q3/18, and year-to-date increased 18% to 2,773 bbls per day, reflecting the success of Crew's strategy to focus our production growth volumes on higher-value condensate.
- **Adjusted Funds Flow ("AFF") Reflects Pricing Environment:** Q3/19 AFF totaled \$16.7 million or \$0.11 per fully diluted share, while year-to-date, Crew generated AFF of \$65.0 million or \$0.43 per diluted share. Relative to the same periods in 2018, significantly weaker commodity pricing offset the benefit of higher condensate production.
- **New Completions Outperform:** The four "B" zone wells at the 15-20 pad have produced 282,000 bbls of condensate in the first 210 days of production averaging 839 boe per day¹ (40 % condensate), while five "B" zone wells at the 4-21 pad have produced 201,600 bbls of condensate over the first 180 days averaging 896 boe per day (25% condensate). Better than expected performance from these wells has enabled Crew to achieve forecasted Q3/19 production volumes while shutting-in dry gas production in the quarter due to low pricing.
- **Support for Long-Term Sustainability:** With base production decline rates below 15% at Septimus and area operating netbacks that exceed maintenance capital, Crew is well positioned to support our sustainability by replicating this trend at West Septimus, where decline rates are estimated at approximately 18%.
- **Financial Liquidity Remains Strong:** Ending Q3/19 net debt of \$356.1 million remains in-line with \$353.4 million at June 30 2019, and is comprised of \$300 million of senior notes which have no financial maintenance covenants and are termed out until 2024. The Company's syndicate of lenders have completed their fall 2019 review and re-confirmed the bank facility's borrowing base at \$235 million, with Crew 26% drawn at September 30th.
- **Capital Plans Outlined Through First Half 2020:** Crew remains committed to balancing our capital expenditures with AFF to retain financial flexibility. To capitalize on strong gas prices anticipated this winter, the Company plans to invest a total of \$54 million in Q4/19 (55%), Q1/20 (30%) and Q2/20 (15%), which compares to \$102 million invested in the comparable periods the prior year. Shifting the timing of this capital is expected to enable Crew to secure lower rates for services, significantly improve economics, enhance per well rates of return, and produce an average of 22,000 to 23,000 boe per day in the first half of 2020 while maintaining liquidity levels.

Financial & Operating Highlights:

FINANCIAL	Three months ended Sept 30, 2019	Three months ended Sept 30, 2018	Nine months ended Sept 30, 2019	Nine months ended Sept 30, 2018
(\$ thousands, except per share amounts)				
Petroleum and natural gas sales	41,597	54,080	148,591	167,547
Adjusted Funds Flow⁽¹⁾	16,664	20,107	64,948	68,284
Per share - basic	0.11	0.13	0.43	0.45
- diluted	0.11	0.13	0.43	0.45
Net (loss) income	(3,255)	(939)	18,306	(5,972)
Per share - basic	(0.02)	(0.01)	0.12	(0.04)
- diluted	(0.02)	(0.01)	0.12	(0.04)
Exploration and Development expenditures	18,466	23,656	87,704	70,045
Property acquisitions (net of dispositions)	7	9	(19,166)	(9,981)
Net capital expenditures	18,473	23,665	68,538	60,064

Capital Structure

(\$ thousands)

	As at Sept 30, 2019	As at Dec. 31, 2018
Working capital deficiency (surplus) ⁽²⁾	3,571	(11,984)
Bank loan	56,864	59,904
	60,435	47,920
Senior Unsecured Notes	295,622	294,885
Total Net Debt⁽²⁾	356,057	342,805
Current Debt Capacity⁽³⁾	535,000	535,000
Common Shares Outstanding (thousands)	151,482	151,730

Notes:

Non-IFRS Measure. AFF is calculated as cash provided by operating activities, adding the change in non-cash working capital, decommissioning obligation expenditures and accretion of deferred financing costs on the senior unsecured notes. AFF does not have a standardized measure prescribed by International Financial Reporting Standards ("IFRS"), and therefore may not be comparable with the calculations of similar measures for other companies. See "Non-IFRS Measures" contained within Crew's MD&A for details including reasons for use and a reconciliation of AFF to its most closely related IFRS measure.

⁽²⁾ Non-IFRS Measure. Working capital deficiency / (surplus) includes cash and cash equivalents plus accounts receivable less accounts payable and accrued liabilities. See "Non-IFRS Measures" contained within Crew's MD&A.

⁽³⁾ Current Debt Capacity reflects the bank facility of \$235 million plus \$300 million in senior unsecured notes outstanding.

Operations	Three months ended Sept 30, 2019	Three months ended Sept 30, 2018	Nine months ended Sept 30, 2019	Nine months ended Sept 30, 2018
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Daily production

Light crude oil (bbl/d)	233	269	205	282
Heavy crude oil (bbl/d)	1,627	1,819	1,653	1,832
Condensate (bbl/d)	2,575	2,077	2,773	2,358
Ngl (bbl/d)	2,148	1,711	2,071	1,738
Natural gas (mcf/d)	97,443	106,821	97,608	109,099
Total (boe/d @ 6:1)	22,824	23,680	22,970	24,393

Average prices⁽¹⁾

Light crude oil (\$/bbl)	63.81	78.25	63.39	73.75
Heavy crude oil (\$/bbl)	52.86	51.03	52.58	47.96
Ngl (\$/bbl)	0.57	28.15	6.16	26.19
Condensate (\$/bbl)	62.19	81.45	64.73	78.99
Natural gas (\$/mcf)	1.95	2.40	2.58	2.51
Oil equivalent (\$/boe)	19.81	24.82	23.70	25.16

Notes:

(1) Average prices are before deduction of transportation costs and do not include realized gains and losses on financial instruments.

	Three months ended Sept 30, 2019	Three months ended Sept 30, 2018	Nine months ended Sept 30, 2019	Nine months ended Sept 30, 2018
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Netback (\$/boe)

Petroleum and natural gas sales	19.81	24.82	23.70	25.16
Royalties	(1.49)	(1.73)	(1.70)	(1.76)
Realized commodity hedging gain (loss)	1.38	(2.09)	0.12	(1.40)
Marketing income ⁽¹⁾	1.33	0.25	1.32	0.27
Net operating costs ⁽²⁾	(5.94)	(6.21)	(6.06)	(6.35)

Transportation costs	(2.80)	(1.62)	(2.69)	(1.85)
Operating netback ⁽³⁾	12.29	13.42	14.69	14.07
General & administrative ("G&A")	(1.36)	(1.39)	(1.42)	(1.34)
Other income	-	-	-	0.15
Financing costs on long-term debt	(2.99)	(2.81)	(2.90)	(2.64)
Adjusted funds flow ⁽³⁾	7.94	9.22	10.37	10.24

Drilling Activity

Gross wells	0	6	8	6
Working interest wells	0.0	6.0	8.0	6.0
Success rate, net wells (%)	N/A	100%	100%	100%

Notes:

(1) Marketing income was recognized from the monetization of forward physical sales contracts offset by the cost of committed natural gas transportation that was not available during the period.

(2) Net operating costs are calculated as gross operating costs less processing revenue.

(3) Non-IFRS Measure. Operating netback equals petroleum and natural gas sales including realized hedging gains and losses on commodity contracts, marketing income, less royalties, net operating costs and transportation costs calculated on a boe basis. Operating netback and adjusted funds flow netback do not have a standardized measure prescribed by IFRS, and therefore may not be comparable with the calculations of similar measures for other companies. See "Non-IFRS Measures" contained within Crew's MD&A.

FINANCIAL OVERVIEW

Shifting Production Gains to Condensate

- Production of 22,824 boe per day for the quarter was in line with the previous quarter and 4% lower than the same period in 2018 on exploration and development capital spending of \$18.5 million. Third quarter forecasted production was not impacted by the shut-in of dry gas caused by lower prices due to the production outperformance of our UCR pads that were completed earlier in the year.
- Condensate production averaged 2,575 bbls per day, an increase of 24% compared to Q3/18, and represented 11% of Crew's total volumes for the period. Condensate contributed 35% to Crew's total sales in Q3/19, compared with 29% in Q3/18 and 38% in Q2/19. Liquids production averaged 29% of corporate volumes, although petroleum and natural gas sales were negatively impacted due to weakened liquids pricing.
- Greater Septimus production averaged 19,648 boe per day in Q3/19, an increase of 2% over 19,240 boe per day in Q3/18 and on par with Q2/19 volumes. Year-to-date area production averaged 19,593 boe per day, on par with the same period in 2018, and reflective of the Company's focus on prudent development of the higher value UCR area.

Commodity Prices Having an Impact

- AFF in Q3/19 was \$16.7 million (\$0.11 per diluted share) and for the first nine months of the year totaled \$65.0 million (\$0.43 per diluted share). Weaker petroleum and natural gas sales through both periods, partially offset by improved hedging gains, marketing income and lower net operating costs, has contributed to modest declines in both absolute and

per share AFF in 2019.

- Quarter-over-quarter AFF was 26% lower, primarily attributable to weaker petroleum and natural gas sales. This was partially offset by an increase in hedging gains, lower royalties, transportation and net operating costs.
- Petroleum and natural gas sales for Q3/19 and for the first nine months of the year decreased 23% and 11%, respectively, relative to the same periods in 2018, mainly due to lower realized commodity prices in 2019 relative to the same periods in 2018. Q3/19 petroleum and natural gas sales decreased 19% compared to Q2/19, primarily the result of a 20% decline in realized commodity prices.
- The price for West Texas Intermediate ("WTI") denominated in Canadian dollars, Crew's benchmark price for light oil and condensate, decreased 7% sequentially from Q2/19 and 18% over Q3/18, mainly the result of a global oversupply of crude oil due to increased U.S. shale oil production.
- Crew's realized combined light crude oil and condensate price decreased 8% and 23% in the quarter, compared to the prior quarter and Q3/18 respectively, consistent with the decline in WTI benchmark pricing over the same periods.
- Crew's heavy oil benchmark Western Canada Select ("WCS") decreased 11% in Q3/19 compared to Q2/19 and declined 5% as compared to Q3/18 mainly the result of declining global crude prices. The year-over-year heavy oil price decline was moderated, as compared to WTI declines, by the Alberta Government's oil curtailment program, which has strengthened Canadian crude oil prices in 2019 compared to 2018.
- Crew's Q3 2019 heavy crude oil realized price decreased 12% compared to Q2/19 and increased 4% compared to Q3/18. The quarter-over-quarter decrease is consistent with the WCS benchmark change. Crew's year-over-year change, as compared to WCS, was enhanced by lower diluent blending costs realized in 2019.
- The realized price for Crew's ngl production was 92% lower than the previous quarter, and decreased 98% compared to Q3/18, primarily due to a decrease in realized propane and butane pricing in North America. Crew's ngl pricing includes embedded cost to process the ngl product out of the Company's gas stream. During the third quarter, revenue earned from the sale of the extracted ngl product was only slightly above the cost of the extraction due to the low realized prices.
- Crew's realized natural gas price for Q3/19 was 17% lower than the previous quarter and 19% lower than Q3/18, which is consistent with the decline in all of the Company's benchmark natural gas prices over the last year. Natural gas prices across North America have continued to decline as a result of persistent production growth in the U.S.
- Marketing income for the quarter was \$2.8 million or \$1.33 per boe compared to \$2.6 million or \$1.23 per boe in Q2/19, and \$0.6 million or \$0.25 per boe in Q3/18, reflecting the monetization of the Company's Dawn transport contract and Malin sales contract.

Net Operating Costs Continue Trending Lower

- Corporate operating netbacks in Q3/19 averaged \$12.29 per boe, a decline of 18% sequentially from Q2/19, reflective of a 20% decline in realized commodity prices per boe, partially offset by a larger hedging gain and lower operating costs per boe. Compared to Q3/18, operating netbacks declined 8%.
- Cash costs per boe for Q3 decreased 3% relative to Q2/19, attributable mainly to lower royalties and transportation costs per boe. Cash costs per boe in Q3/19 increased 6% relative to Q3/18 predominantly due to higher transportation costs associated with transportation access to new natural gas markets, partially offset by lower royalties and operating costs per boe.
- With a focus on optimizing field operations to increase the efficiency of the Company's operations, Crew's per boe net operating costs decreased 4% in Q3/19 compared to Q3/18 and by 5% for the nine months ended September 30, 2019 relative to the same period in 2018.
- As part of the ongoing expansion to diversify market opportunities for our natural gas production, transportation costs in Q3/19 and the first nine months of 2019 increased relative to the corresponding periods in 2018, but declined 6% relative to Q2/19. The year-over-year increase is due to the addition of fees associated with the new sales pipeline between West Septimus and TC Energy's Saturn meter station.

Q3 Capital Expenditures In-Line with Guidance

- Exploration and development capital expenditures remained in line with guidance at \$18.5 million in Q3/19 and \$68.5 million (net of \$19.2 million of net acquisition and disposition proceeds) year-to-date in 2019. The majority of Crew's net capital investments in Q3 and year-to-date 2019 were directed to development within the Company's UCR area.
- Approximately \$12.4 million of Crew's Q3 capital was allocated to drilling and completion activities largely focused in our UCR area, including a partial completion at Crew's 3-32 pad, completion of the 14-34 well, incremental water handling infrastructure and pipeline installation. Of our total capital, \$3.4 million was directed to Montney well site development, facilities and pipelines with \$2.7 million for land, seismic and other miscellaneous expenditures.

Ongoing Commitment to Balance Sheet Strength

- Net debt of \$356.1 million was stable relative to the \$353.4 million of net debt at the end of Q2/19.
- Crew's debt is comprised of \$300 million of term debt with no financial maintenance covenants or repayment required until 2024, as well as a \$235 million credit facility that was 26% drawn when combined with the working capital deficiency of approximately \$3.6 million at quarter end.
- The Company's syndicate of lenders have completed their fall 2019 review and re-confirmed the bank facility's borrowing base at \$235 million.

TRANSPORTATION, MARKETING & HEDGING

Active Marketing Program Underpins Strategy

- Crew elected to monetize the Company's Dawn market access for the remainder of 2019 and all of 2020 and its Malin market exposure for the remainder of 2019, realizing marketing income in Q3/19 of \$2.8 million and a total of \$8.3 million for the nine months ended September 30, 2019.
- For the fourth quarter of 2019, Crew's average natural gas sales exposure is currently forecast to be weighted approximately 53% to Chicago, 17% to NYMEX, 16% to Alliance ATP, 7% to Station 2 and 7% to AECO 5A.

Natural Gas & Liquids Hedging

- Crew's natural gas hedges currently include:
 - 25,000 mmbtu per day of Chicago gas at C\$3.53 per mmbtu for 2019
 - 7,500 mmbtu per day of Dawn gas at C\$3.55 per mmbtu for 2019
 - 10,000 mmbtu per day of NYMEX gas at US\$2.95 per mmbtu for 2019
 - 12,500 mmbtu per day of Chicago gas at C\$3.32 per mmbtu for 2020
 - 2,500 mmbtu per day of NYMEX gas at US\$2.48 per mmbtu for 2020
- For liquids, Crew has the following hedges in place:
 - 1,937 bbls per day of WTI at an average price of C\$76.17 per bbl for 2019
 - 250 bbls per day of WCS for Q4 2019 at C\$56.20 per bbl
 - 250 bbls per day of WCS for Q4 2019 at C\$55.75 per bbl
 - 500 bbls per day of WCS differential at C\$25.23 per bbl for the second half of 2019
 - 1,127 bbls per day of WTI at an average price of C\$77.41 per bbl for 2020
 - 250 bbls per day of WCS differential at US\$17.25 per bbl for first half 2020
 - 250 bbls per day of WCS for first half 2020 at C\$52.00 per bbl

OPERATIONS & AREA OVERVIEW

NE BC Montney - Greater Septimus

- During Q3/19, Crew completed the toe of one extended reach horizontal ("ERH") well with a total lateral length of 3,050

metres drilled to the northwest on the 3-32 pad in the UCR area at West Septimus. This was a partial completion of approximately 25% of the well to confirm flow and liquids characteristics which proved to be similar to other UCR wells in the area.

- Results to date from wells on our 15-20 pad in the UCR area at Greater Septimus have remained strong and are averaging above the 4.6 BCF of gas and 296,500 bbls of condensate assigned to proved plus probable UCR ERH type wells by Crew's independent reserves evaluator at year end 2018. The four "B" zone wells produced average sales of 839 boe per day, comprised of 40% condensate and 12% ngl, over the first 210 days on production².
- At Crew's 4-21 pad in the UCR transition zone, results have also exceeded management's initial expectations. The wells have produced average sales of 896 boe per day over the first 180 days on production, including 25% condensate and 13% ngl, despite being restricted for the first two months on production².
- As a result of the outperformance of these condensate-rich wells at Greater Septimus, Crew has been able to optimize our commodity mix. During Q3 we were able to meet forecast production guidance while shutting in dry gas due to low prices.

Greater Septimus					
Production & Drilling	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Average daily production (boe/d)	19,648	19,594	19,535	18,447	19,240
Wells drilled (gross / net)	-	1 / 1.0	6 / 6.0	6 / 6.0	4 / 4.0
Wells completed (gross / net)	1 / 1.0	-	8 / 8.0	3 / 3.0	-
Operating Netback (\$ per boe)	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Revenue	17.38	22.20	25.61	26.53	22.83
Royalties	(1.04)	(1.27)	(1.56)	(1.58)	(1.15)
Realized commodity hedge gain (loss)	1.78	0.28	(0.74)	(1.79)	(2.01)
Marketing income ⁽¹⁾	1.55	1.43	1.66	1.23	0.34
Net operating costs ⁽²⁾	(4.41)	(4.46)	(4.65)	(4.51)	(4.61)
Transportation costs	(2.62)	(2.81)	(1.73)	(1.35)	(1.22)
Operating netback ⁽³⁾	12.64	15.37	18.59	18.53	14.18

Notes:

(1) Marketing income was recognized from the monetization of forward physical sales contracts offset by the cost of committed natural gas transportation.

(2) Net operating costs are calculated as gross operating costs less processing revenue.

(3) Non-IFRS Measure. Operating netback equals petroleum and natural gas sales including realized hedging gains and losses on commodity contracts, marking income, less royalties, net operating costs and transportation costs calculated on a boe basis. Operating netback does not have a standardized measure prescribed by IFRS, and therefore may not be comparable with the calculations of similar measures for other companies. See "Non-IFRS Measures" contained within Crew's MD&A.

Other NE BC Montney

- **Tower:** After being shut-in for offsetting completion operations for most of Q2/19, volumes at Tower in Q3/19 returned to similar productivity levels realized prior to the shut-in. Crew continues to evaluate the relative economics of Tower development as well as reviewing encouraging nearby Lower Montney well results.
- **Monias:** Activity at Monias during Q3 was directed to the completion of one horizontal Montney delineation well that is currently being tested and evaluated.
- **Attachie:** Of Crew's 90 net sections of land in this area, approximately 44 net sections are situated within the liquids-rich hydrocarbon window. Given the positive results generated by offsetting operators, a lease retention well was drilled in January of 2019 and another is planned in 2020, which is expected to conclude the lease preservation program in this area.
- **Oak / Flatrock:** In this liquids-rich gas area, Crew has more than 60 (52 net) sections of land, and the Company plans to continue monitoring industry activity and offsetting well results which have been encouraging.

AB / SK Heavy Oil - Lloydminster

- During Q3, activity at Lloydminster included the recompletion of eight (8.0 net) heavy crude oil wells which contributed to average production of 1,627 bbls per day of heavy crude oil, 5% lower than the prior quarter and 10% lower relative to Q3/18, reflecting limited capital investment in the area.
- Relative to Q3/18, Crew's realized heavy crude oil price increased 4% due to the lower cost of diluent needed to blend with the heavy crude oil, while the WCS benchmark price decreased 5% in the period. This price improvement contributed to Q3 operating netbacks at Lloydminster which averaged \$17.56 per boe. To maximize profitability, Crew will continue to evaluate forward pricing for WCS for the purposes of optimizing execution timing of a one to three well multilateral horizontal drilling program.

OUTLOOK

Value Creation and Value Preservation Intact

- Crew's strategy of maximizing value over volume growth has led to the successful realization of increased margins through replacement of natural gas volumes with condensate production growth.
- The Company's emphasis on UCR drilling along with our goal of improving margins is proving successful. Condensate volumes in Q3 increased 24% year-over-year while Crew's average condensate price of \$62.19 per bbl was materially higher than the average corporate realized price per boe of \$19.81. Ngl prices continued to be very weak, averaging only \$0.57 per bbl in Q3/19 versus \$28.15 per bbl in Q3/18.

Sustainability Continues to Improve

- At Septimus, Crew is successfully generating an operating netback that exceeds maintenance capital requirements for the area. As a result of Crew's investment in the area, production declines for Septimus are under 15%, representing similar performance attributes to a tight conventional reservoir. The Company has estimated the base decline rate in the West Septimus area to now be approximately 18%, further improving the sustainability of our entire Montney production base.
- Crew plans to replicate the development success and free cash flow generation realized first at Septimus and now at West Septimus within our UCR area, which has over 135 potential drilling opportunities³, representing over ten years of highly economic future growth at Crew's current pace of development.

Capital Expenditures to Approximate AFF through First Half 2020

- Responding to advantageous Q4/19 operational and cost efficiencies, as well as favorable winter commodity prices, Crew's Board of Directors have approved a re-allocated capital expenditure budget of \$54 million for the next three quarters, including Q4/19, Q1/20 and Q2/20. Crew anticipates investing approximately \$28 to \$32 million in Q4/19, \$14 to \$18 million in Q1/20 and \$6 to \$10 million in Q2/20 to generate average production of 22,000 and 23,000 boe per day through this period. For comparative purposes, over the same nine month period in Q4/18 and the first half of 2019, Crew invested \$102 million. The Company continues to prioritize financial flexibility and as a result, if this level of capital spending does not approximate AFF, Crew would further refine its capital spending plans to align with its goal of maintaining current debt levels. The Company plans on releasing its full year 2020 capital investment budget and production guidance in Q1/20.
- Four drilled but uncompleted wells on our 3-32 pad were originally planned for completion in Q1/20 and are now planned to be completed in Q4/19, consistent with our revised capital allocation timing. Crew has been able to secure the required services to complete this operation at compelling rates, allowing the Company to achieve more with lower capital while producing at higher rates into a period with forward curve commodity prices that are expected to be over 40% higher on average than the forward curve for Q2 and Q3/20. Our analysis indicates that completing these wells in Q4/19 rather than Q1/20 can enhance individual well rates of return and meaningfully impact 2020 AFF.
- Crew's net 2019 capital expenditure budget is expected to range between \$95 and \$100 million (exploration and development spending of between \$114 and \$119 million). Average volumes are forecast to be between 22,500 to 23,000 boe per day, with a steady focus on increasing the weighting of higher valued condensate and oil within Crew's production portfolio.
- For Q4 2019, production is expected to average between 22,000 and 22,500 boe per day on capital expenditures of between \$28 and \$32 million. Quarterly volume forecasts incorporate the Company's planned deferral of dry gas production that is exposed to weak Station 2 gas prices and the shut-in of production for offsetting completion operations. Activity during Q4/19 will focus on the completion and equipping of four UCR ERH Montney wells and water-handling initiatives.

Diversified Market Access and Positioned for Low-Cost Growth

- With access to differentiated sales points in North America, three major export pipelines and close proximity to the Coastal Gas Link Pipeline, Crew's land base is ideally located to move gas to advantageously-priced markets in addition to having the potential to significantly reduce transportation costs as a supply source for LNG.
- Crew's continuous investment in infrastructure has positioned the Company with capacity to produce over 40,000 boe per day, providing future growth opportunities at reduced costs.

Innovation Leads to Improved Safety and Reduced Emissions

- Crew's relentless pursuit to continuously improve has led to a 52% reduction in gas plant flaring intensity from 2015 to 2018. The Company has also transitioned to testing new wells directly into pipelines which has led to a reduction in flaring of over 85% from 2017, equivalent to removing 120 passenger vehicles from the road annually.
- Over 95% recycled water was used during our completion operations in 2018, significantly reducing the amount of fresh water used.
- By building pipelines to pad sites prior to drilling, Crew is able to fuel our drilling operations with natural gas rather than diesel, thereby reducing CO₂ emissions by 20% and saving approximately \$80,000 per well. By using the same pipeline, the Company can deliver water for fracturing operations to the pad site. In our last 11 well completions, this practice resulted in 1,286 truckloads being removed from the road and saving the Company \$275,000, while also significantly reducing the risk of vehicular accidents.

We thank our employees and directors for their commitment and dedication to the success of Crew, particularly in light of insiders now constituting 10 of the top 20 shareholders of the Company. We would also like to thank all of our shareholders and bondholders for their patience and support in this

challenging environment.

Cautionary Statements

Information Regarding Disclosure on Oil and Gas, Operational Information and Non-IFRS Measures

Unless otherwise specified, all reserves volumes disclosed in this press release are based on "company gross reserves" using forecast prices and costs and are derived from the Company's independent reserves evaluation prepared by Sproule Associates Ltd. ("Sproule") with an effective date of December 31, 2018 (the "Sproule Report"). The recovery and reserve estimates provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided. In relation to the disclosure of estimates for individual wells or 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. The Company's oil and gas reserves statement for the year ended December 31, 2018 includes complete disclosure of our oil and gas reserves and other oil and gas information prepared in accordance with NI 51-101 and the COGE Handbook, and is contained within our Annual Information Form which is available on our SEDAR profile at www.sedar.com.

This press release discloses "potential drilling opportunities" in the Company's Greater Septimus area of operations which are comprised of: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are derived from the Sproule Report and account for drilling inventory that have associated proved and/or probable reserves assigned by Sproule. Unbooked locations are internally identified potential drilling opportunities based on the Company's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have reserves or resources attributed to them and are not estimates of drilling locations which have been evaluated by a qualified reserves evaluator performed in accordance with the COGE Handbook. Of the 135 total potential drilling opportunities identified herein, 29 are proved locations, 53 are probable locations and 53 are unbooked locations. Unbooked locations have been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the Company will drill any of these potential drilling opportunities and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling opportunities identified have been derisked by drilling existing wells in relative close proximity to such unbooked drilling locations, other unbooked drilling locations are further away from existing wells where management has less information about the characteristics of the reservoir, and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

This press release contains metrics commonly used in the oil and natural gas industry, such as "adjusted funds flow", "operating netbacks", "working capital deficiency (surplus)" and "net debt". These terms are not defined in IFRS and do not have standardized meanings or standardized methods of calculation, and therefore may not be comparable to similar measures presented by other companies, and therefore should not be used to make such comparisons. Such metrics have been included herein to provide readers with additional information to evaluate the Company's performance, however such metrics should not be unduly relied upon. Management uses oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare Crew's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this press release, should not be relied upon for investment or other purposes. See "Non-IFRS Measures" contained within Crew's MD&A for applicable definitions, calculations, rationale for use and reconciliations to the most directly comparable measure under IFRS.

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: as to the execution of Crew's business plan including guidance as to its capital expenditure plans for Q4 and the first half of 2020 and the potential refinement of those plans; as to plans to internally fund capital in 2019 and 2020 with adjusted funds flow and to maintain net debt at current levels; as to the Company's ongoing goal of increasing the overall weighting of condensate in its production mix and associated improvements in realized pricing and operating netbacks for 2019 and beyond; the estimated volumes, including shut-ins, and product mix of Crew's oil and gas production; production estimates including Q4, annual 2019 and first half of 2020 average production guidance; Crew's currently estimated base decline profile of approximately 18% at West Septimus; commodity price expectations including the potential for materially higher natural gas prices this winter and Crew's estimates of natural gas pricing exposure and market allocation; Crew's commodity risk management programs; marketing and transportation plans; future liquidity and financial capacity; future results from operations and operating metrics; potential for lower on-stream costs and efficiencies going forward; future development, exploration, acquisition and disposition activities (including drilling, completion and infrastructure plans and associated timing and cost estimates); the amount and timing of capital projects; management's assessment of potential drilling opportunities; the Company's potential to capitalize on an LNG project; and future production capability and corresponding potential for reduced on-stream costs.

In addition, 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 Crew will continue to conduct its operations in a manner consistent with past operations; results from drilling and development activities consistent with past operations; the quality of the reservoirs in which Crew operates and continued performance from existing wells; the continued and timely development of infrastructure in areas of new production; the accuracy of the estimates of Crew's reserve volumes; certain commodity price and other cost assumptions; continued availability of debt and equity financing and cash flow to fund Crew's current and future plans and expenditures; the impact of increasing competition; the general stability of the economic and political environment in which Crew operates; the general continuance of current industry conditions; 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; and the ability of Crew to successfully market its oil and natural gas products.

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; changes in the demand for or supply of Crew's products, the early stage of development of some of the evaluated areas and zones the potential for variation in the quality of the Montney formation; 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 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, particularly those short in duration, 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 the 6:1 conversion ratio may be misleading as an indication of value.

Crew is a growth-oriented oil and natural gas producer, committed to pursuing sustainable per share growth through a balanced mix of financially responsible exploration and development complemented by strategic acquisitions. The Company's operations are primarily focused in the vast Montney resource, situated in northeast British Columbia, and include a large contiguous land base. Crew's liquids-rich Greater Septimus area features an Ultra Condensate-Rich ("UCR") zone, which offers significant development and value creation potential over the long-term. The Company has access to diversified markets with operated infrastructure and access to multiple pipeline egress options. Crew's common shares are listed for trading on the Toronto Stock Exchange ("TSX") under the symbol "CR".

Financial statements and Notes, as well as Management's Discussion and Analysis for the three and nine month periods ended September 30, 2019 and 2018 are filed on SEDAR at www.sedar.com and are available on the Company's website at www.crewenergy.com.

¹ Total volumes at the 15-20 and 4-21 pad are estimated from average gas and condensate shrinkage, process recovery and the exclusion of low volume days during cleanup.

² Total volumes at the 15-20 and 4-21 pad are estimated from average gas and condensate shrinkage, process recovery and the exclusion of low volume days during cleanup.

³ See "Information Regarding Disclosure on Oil and Gas, Operational Information and Non-IFRS Measures".

SOURCE Crew Energy Inc.