



Crew Energy Inc. Announces Strategic Debt and Cost Reduction Transactions

January 17, 2020

CALGARY, Jan. 17, 2020 /CNW/ - Crew Energy Inc. (TSX: CR) ("**Crew**" or the "**Company**") is pleased to announce that it has entered into a purchase and sale agreement with a third party midstream company (the "**Purchaser**") for the disposition of a 22% net working interest in each of its Septimus gas processing facility ("**Septimus Facility**") and West Septimus gas processing facility ("**West Septimus Facility**") located in Northeast British Columbia (collectively, the "**NEBC Facilities**") for aggregate consideration of \$70.0 million (the "**Transaction**"). In conjunction with completion of the Transaction, Crew and the Purchaser will form a strategic alliance to participate collaboratively in future value creation opportunities. Separately, Crew has exercised its option to acquire an approximate 16% net interest in the NEBC Facilities for \$11.7 million.

Transaction Terms and Metrics

The Septimus Facility currently has a nameplate capacity of 60 mmcf/d, while the West Septimus Facility currently has a nameplate capacity of 120 mmcf/d. The Transaction is structured with two closings, whereby half the interest to be disposed of (11% for \$35 million) is expected to close in the first quarter of 2020 and the remaining half interest (11% for \$35 million) is expected to close in the fourth quarter of 2020. As part of this Transaction, Crew will enter into a 20-year processing arrangement with a commitment of approximately \$6.4 million per year to be paid to the Purchaser. Closing of the Transaction remains subject to receipt of third party consents and satisfaction of customary closing conditions.

In a separate transaction, Crew has exercised its option to acquire an approximate 16% net interest in the NEBC Facilities for approximately \$11.7 million, with an expected closing and effective date of November 1, 2020, subject to customary closing conditions. The purchase of this interest will mark the termination of a 10-year processing agreement resulting in the elimination of \$5.9 million per year in processing fees that Crew has been paying over the term of the agreement.

After closing these transactions, Crew will remain as operator of the NEBC Facilities and will thereafter own an approximate 22% net interest in the NEBC Facilities.

Option for Future Potential Disposition

Pursuant to the terms of the Transaction, Crew has an option to dispose of up to an additional 11.43% net interest in the NEBC Facilities to the Purchaser for consideration of up to \$37.5 million exercisable from January 1, 2021 to June 1, 2023. If the option is exercised, Crew would be required to enter into a 20-year processing commitment with the Purchaser and pay up to \$3.4 million per year in processing fees.

Use of Proceeds

Upon closing of the Transaction, proceeds from the disposition will be used to reduce outstanding indebtedness under Crew's \$235 million credit facility, which had drawings of approximately \$53.0 million at December 31, 2019. The Company continues to retain ample liquidity and unutilized credit capacity with no material debt maturities until 2024.

Crew expects to release the Company's full year 2020 budget later in the first quarter.

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".

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 benefits to be derived from completion of the Transaction including the anticipated cash proceeds therefrom and the timing of receipt thereof; the closings, timing of closings and terms of the Transaction and the related transaction described herein; the potential for Crew and the Purchaser to complete future transactions pursuant to the strategic alliance described herein; the potential impact of the Transaction and benefits to be derived therefrom including any future potential benefits from the strategic alliance with Purchaser; the anticipated use of proceeds from the Transaction including potential debt reduction; Crew's commodity risk management programs; marketing and transportation plans; future liquidity and financial capacity; and the possible future disposition of an additional interest in the NEBC Facilities pursuant to the exercise of the option described herein.

Without limiting the generality of the foregoing, there can be no assurance that the transactions described herein will be completed or if it is, as to the timing of completion or terms thereof. The completion of the transactions described herein remain subject to a number of assumptions, risks and uncertainties including, without limitation, that all requisite third party consents and approvals will be obtained and all other conditions to completion of the transactions will be satisfied or waived in a timely fashion. Readers are cautioned that the foregoing list of factors is not exhaustive.

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.

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, those risks identified herein 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.

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