



Crew Energy Inc. Announces Closing of First Phase of Strategic Midstream Transaction and Receipt of \$35 Million

February 27, 2020

CALGARY, Feb. 27, 2020 /CNW/ - Crew Energy Inc. (TSX: CR) ("**Crew**" or the "**Company**") is pleased to confirm the first of two closings of our previously announced strategic transaction with a third party midstream company (the "**Transaction**"), which was announced on January 17, 2020. The Transaction is one of many innovative value-creation initiatives Crew has undertaken to streamline our asset base. Over and above the proceeds to be realized from the Transaction, since 2014 the Company has successfully generated more than \$502 million through portfolio optimization. These proceeds have supported continued development of our high-quality Montney assets, including ongoing drilling and completions in our ultra-condensate rich area at Greater Septimus. Crew plans to continue pursuing strategic, non-core dispositions and other value-enhancing transactions to monetize the inherent value of our vast asset base and further strengthen our financial position.

Proceeds of \$35 Million on First Closing

Concurrent with this first closing, Crew has received cash consideration of \$35 million in exchange for the disposition of an 11% net working interest ("WI") in our Septimus and West Septimus gas processing facilities located within Crew's northeast B.C. ("**NEBC**") Montney operations at Greater Septimus (the "**NEBC Facilities**"). As part of the broader transaction, Crew and the midstream company plan to form a strategic infrastructure alliance with the goal of participating in future value creation opportunities.

The second closing of the Transaction is expected in Q4, 2020 and will result in Crew receiving an additional \$35 million of cash consideration in exchange for the disposition of another 11% net WI, subject to standard industry closing conditions. Under the Transaction, Crew's total WI divestment is 22% for total proceeds of \$70 million. As part of the Transaction, Crew has entered into a long-term processing arrangement with the purchaser which, after the second closing, is expected to result in annual payments of approximately \$6.36 million to the purchaser over a 20 year period. Separately from the Transaction, Crew exercised our option with another third party to acquire a net WI of approximately 16% in the NEBC Facilities for \$11.7 million, which, subject to customary closing conditions, is also expected to close in Q4 2020 and is anticipated to result in Crew saving \$5.9 million of annual processing fees.

Crew expects to realize the following benefits from the transactions described above:

- net cash proceeds of \$58.3 million;
- retention of an approximate 22% net WI in, and operatorship of, the NEBC Facilities;
- application of \$58.3 million to outstanding balances on our \$235 million credit facility, which was drawn \$52.6 million at year end 2019;
- annual cost reduction of approximately \$2.1 million; and
- retain an option to convert an additional 11.43% WI to \$37.5 million between January 2021 and June 2023.

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 anticipated benefits to be derived from the transactions described herein, including the anticipated cash proceeds therefrom and the timing of receipt thereof; the remaining 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 future potential benefits from the strategic alliance with Purchaser; the anticipated use of net proceeds from the transactions described herein, including expected debt reduction; potential future strategic value enhancing transactions; 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 remaining transactions described herein will be completed or, as to the timing of completion or terms thereof. The completion of the closings 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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