# Crew Energy Inc. Announces Fourth Quarter and 2019 Financial and Operating Results and 2020 Full Year Guidance

March 10, 2020

CALGARY, March 10, 2020 /CNW/ - Crew Energy Inc. (TSX: CR) ("Crew" or the "Company") is pleased to announce our operating and financial results for the three and twelve month periods ended December 31, 2019.  Crew's full audited consolidated Financial Statements and Notes, as well as Management's Discussion and Analysis ("MD&A") for the three and twelve month periods ended December 31, 2019 are available on Crew's website and filed on SEDAR at www.sedar.com.

**Q4 & FULL YEAR 2019 HIGHLIGHTS**

- **Driving Sustainability:** We are proud that in 2019, Crew and our industry peers continued to uphold Canada's track record for environmental excellence, responsible extraction techniques, stringent regulatory standards and innovative approaches to reduce greenhouse gas emissions and be a positive contributor to a cleaner global energy future.

- **Average 2019 Production at High End of Guidance Range:** At 22,837 boe per day, 2019 volumes were near the high end of our 22,000 to 23,000 boe per day guidance range. Fourth quarter 2019 volumes averaged 22,446 boe per day, which were also at the high end of our 22,000 to 22,500 boe per day guidance range, and in line with Q4/18.

- **Increasing Condensate Contribution:** Crew achieved an increase in condensate[1] production of 13% year-over-year, averaging 2,693 bbls per day in 2019. The Company's continued focus on development of our higher-value ultra-condensate rich ("UCR")[2] area at Greater Septimus supported revenue and adjusted funds flow ("AFF")[3] generation in 2019.

- **AFF of $81.0 million in 2019:** During 2019, Crew generated AFF of $81.0 million ($0.53 per fully diluted share), 12% lower than in 2018 reflecting the impact of weaker commodity prices. In Q4/19, AFF was $16.1 million ($0.11 per fully diluted share), compared to $23.7 million ($0.16 per fully diluted share) for the same period in 2018, reflecting lower realized natural gas and other ngl ("ngl" or "natural gas liquids")[4] prices.

- **2019 Capital Program Concentrated in UCR Area:** Net capital expenditures[3] in 2019 totaled $95.0 million, after $19.1 million of property dispositions net of acquisitions. The majority of our expenditures were focused at Greater Septimus, drilling and completing extended reach horizontal ("ERH") wells in the UCR area. Crew's Q4/19 exploration and development net capital expenditures were $26.5 million, with 76% directed to completion activities in the UCR area.

- **Capitalizing on Costs and Pricing**: Crew's Q4/19 capital plan was highly successful in lowering completion costs and taking advantage of a period with significantly higher forward commodity prices to bring on strong initial production from newly completed wells.

- **Strengthening the Balance Sheet:** During Q1/20, Crew announced a strategic debt and cost reduction transaction, and received $35 million in cash proceeds following the first closing of this transaction, which was applied to reduce borrowings on our credit facility. This transaction will enable the Company to capture efficiencies and strengthen the balance sheet, ultimately reducing net debt by $58.3 million with $2.1 million of annual cost savings after the second closing of this transaction in November, 2020.

- **Financial Liquidity Maintained:** Crew's year-end net debt was 2% lower than Q3/19, totaling $347.9 million and including $300 million of term debt due in 2024 with no financial maintenance covenants, and a $235 million credit facility that was 22% drawn at year end, including the impact of working capital.

- **Efficient Operations Drive Positive Three Year Capital Efficiency Trends:** With an ongoing focus on reduced capital costs and capturing drilling and completions efficiencies, in 2019 Crew achieved another consecutive year of declining average three year 2P finding and development costs[5], and finding, development and acquisition costs, which totaled $5.66 per boe and $5.02 per boe, respectively, reflecting reductions of 4% and 9% from 2018, respectively.

- **Increased UCR Reserves[6]:** We continued to realize efficiencies at our UCR area, leveraging improved drilling and completions designs and longer ERH wells which improved per well recoveries with less capital deployed per developed area. Assigned UCR reserves increased meaningfully in 2019 across all reserve categories:
    - Total proved plus probable ("2P") was 97.3 MMboe, Total proved ("1P") was 50.8 MMboe and proved developed producing ("PDP") was 15.8 Mmboe.
    - Condensate[1] reserves in the area increased over 2018 with PDP up 110% to 4.0 MMbbls; 1P up 52% to 13.7 MMbbls and 2P increased by 24% to 26.4 MMbbls.
    - In Crew's UCR area the estimated net present value of future net revenue discounted at 10% (before tax) ("NPV10 BT") for 2P reserves assigned by Sproule to 17.5 net sections was $856.0 million which equates to $5.65 per share.

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(1) Condensate is defined as a mixture of pentanes and heavier hydrocarbons recovered as a liquid at the inlet of a gas processing plant before the gas is processed and pentanes and heavier hydrocarbons obtained from the processing of raw natural gas.

(2) Ultra-Condensate Rich" or "UCR" is not defined in NI 51-101 and means a fairway of land at Crew's Greater Septimus area of operations where productive zones have high condensate rates (initial 30-day condensate / gas ratio rates of greater than 75 bbls per mmcf).

(3) Non-IFRS Measure. "Operating netback", "adjusted funds flow" and "net capital expenditures" do not have standardized measures prescribed by International Financial Reporting Standards ("IFRS"), and therefore may not be comparable with the calculations of similar measures for other companies. See "Information Regarding Disclosure on Oil and Gas Reserves, Operational Information and Non-IFRS Measures" within this press release and the Company's MD&A for details including reasons for use.

(4) Throughout this news release, natural gas liquids ("ngl") comprise all natural gas liquids as defined by NI 51-101 other than condensate, which is disclosed separately.

(5) "Finding, Development and Acquisitions costs" or "FD&A costs", "Finding and Development costs" or "F&D costs" as previously disclosed in Crew's February 10, 2020 reserves press release, do not have standardized meanings. See "*Information Regarding Disclosure on Oil and Gas Reserves and Operational Information*" contained in this news release.

(6) All reserves information is derived from the Company's independent reserves evaluation prepared by Sproule Associates Ltd effective December 31, 2019 (the "Sproule Report"). See the Company's press release dated February 10, 2020 filed on SEDAR for a more detailed summary of the results of the Sproule Report.

**Financial & Operating Highlights:**

| **FINANCIAL**<br>($ thousands, except per share amounts) | **Three months ended Dec. 31, 2019** | Three months ended Dec. 31, 2018 | **Year ended Dec. 31, 2019** | Year ended Dec. 31, 2018 |
|---|---|---|---|---|
| **Petroleum and natural gas sales** | **44,941** | 50,838 | **193,532** | 218,385 |
| **Adjusted Funds Flow (1)** | **16,086** | 23,712 | **81,034** | 91,996 |
| Per share - basic | **0.11** | 0.16 | **0.53** | 0.61 |
| - diluted | **0.11** | 0.16 | **0.53** | 0.61 |
| **Net (loss) income** | **(6,235)** | 18,771 | **12,071** | 12,799 |
| Per share - basic | **(0.04)** | 0.12 | **0.08** | 0.08 |

| | | | | |
|---|---|---|---|---|
| - diluted | **(0.04)** | 0.12 | **0.08** | 0.08 |
| **Exploration and Development expenditures** | **26,390** | 33,174 | **114,094** | 103,219 |
| **Property acquisitions** (net of dispositions) | **82** | 175 | **(19,084)** | (9,806) |
| **Net capital expenditures** | **26,472** | 33,349 | **95,010** | 93,413 |

| **Capital Structure**<br>($ thousands) | **As at**<br>**Dec. 31, 2019** | As at<br>Dec. 31, 2018 |
|---|---|---|
| Working capital surplus [2] | **(149)** | (11,984) |
| Bank loan | **52,136** | 59,904 |
| | **51,987** | 47,920 |
| Senior Unsecured Notes | **295,868** | 294,885 |
| **Total Net Debt** [3] | **347,855** | 342,805 |
| **Common Shares Outstanding** (thousands) | **151,534** | 151,730 |

Notes:

(1) 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 a reconciliation of AFF to its most closely related IFRS measure.

(2) Non-IFRS Measure. Working capital surplus includes accounts receivable and net assets held for sale; less accounts payable and accrued liabilities. See "Non-IFRS Measures" contained within Crew's MD&A

(3) Non-IFRS Measure. Net debt is defined as outstanding long-term debt and net working capital. See "Non-IFRS Measures" within the Company's MD&A.

| **Operations** | **Three months ended Dec. 31, 2019** | Three months ended Dec. 31, 2018 | **Year ended Dec. 31, 2019** | Year ended Dec. 31, 2018 |
|---|---|---|---|---|
| **Daily production** | | | | |
| Light crude oil (bbl/d) | **251** | 260 | **216** | 276 |
| Heavy crude oil (bbl/d) | **1,600** | 1,634 | **1,639** | 1,782 |
| Natural gas liquids (bbl/d) | **2,011** | 1,832 | **2,056** | 1,761 |
| Condensate (bbl/d) | **2,455** | 2,446 | **2,693** | 2,380 |

| | | | | |
|---|---|---|---|---|
| Natural gas (mcf/d) | **96,776** | 97,265 | **97,398** | 106,116 |
| Total (boe/d @ 6:1) | **22,446** | 22,383 | **22,837** | 23,885 |
| **Average prices** (1) | | | | |
| Light crude oil ($/bbl) | **62.85** | 38.18 | **63.24** | 65.32 |
| Heavy crude oil ($/bbl) | **44.76** | 10.38 | **50.65** | 39.27 |
| Natural gas liquids ($/bbl) | **8.66** | 14.71 | **6.78** | 23.18 |
| Condensate ($/bbl) | **63.29** | 52.85 | **64.40** | 72.22 |
| Natural gas ($/mcf) | **2.36** | 3.80 | **2.53** | 2.80 |
| Oil equivalent ($/boe) | **21.76** | 24.69 | **23.22** | 25.05 |

Notes:

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

| | **Three months ended Dec. 31, 2019** | Three months ended Dec. 31, 2018 | **Year ended Dec. 31, 2019** | Year ended Dec. 31, 2018 |
|---|---|---|---|---|
| **Netback** ($/boe) | | | | |
| Petroleum and natural gas sales | **21.76** | 24.69 | **23.22** | 25.05 |
| Royalties | **(1.97)** | (1.67) | **(1.77)** | (1.73) |
| Realized commodity hedging gain/(loss) | **0.78** | (0.63) | **0.28** | (1.22) |
| Marketing income(1) | **(0.02)** | 1.03 | **0.99** | 0.45 |
| Net operating costs(2) | **(5.51)** | (5.78) | **(5.93)** | (6.22) |
| Transportation costs | **(2.88)** | (1.81) | **(2.74)** | (1.84) |
| Operating netback(3) | **12.16** | 15.83 | **14.05** | 14.49 |
| G&A | **(1.33)** | (1.55) | **(1.40)** | (1.39) |
| Other income | **-** | - | **-** | 0.11 |
| Financing costs on long-term debt | **(3.06)** | (2.77) | **(2.94)** | (2.67) |
| Adjusted funds flow | **7.77** | 11.51 | **9.71** | 10.54 |

**Drilling Activity**

| | | | | |
|---|---|---|---|---|
| Gross wells | **0.0** | 8.0 | **8.0** | 14 |
| Working interest wells | **0.0** | 8.0 | **8.0** | 14 |
| 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 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.

## COMMITMENT TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE INITIATIVES

**Environmental Leadership is a Priority**

- Crew's pursuit to continuously improve has led to a 71% reduction in gas plant flaring intensity, having decreased the plant inlet flared from 0.21% in 2015 to 0.06% in 2019.
- In 2019, Crew had the lowest spill volume in recent history with a 97% reduction since 2017.
- Completion operations realized a 91% reduction in fresh-water usage from 2015 to 2019, during which 96% of completions fluid was recycled or otherwise non-potable water. In addition, Crew has successfully removed 4,235 truckloads from the road by utilizing pipelines to transfer water from completions, which enhances safety and reduces emissions.
- Through the use of natural gas substitution for diesel in Crew's drilling and completion operations, $CO_2$ emissions from drilling and completions activities declined by 20% in 2019, having impact equal to removing approximately 230 cars from the road for one year.

**Social Impacts and Safety are at the Forefront**

- We are committed to ensuring the health, safety and security of our employees, contractors and the people in local communities and are proud of Crew's safety performance. Since 2013, Crew's total recordable injury frequency for our workforce (employees and contractors) declined more than 54% through 2019, with zero fatalities recorded, 730 days with no employee or contractor lost time injuries and three years with no employee injuries. Crew achieved a safety record in 2019 with a combined total recordable injury frequency for both contractors and employees of 0.45, and zero lost time injuries, the lowest in the Company's operating history.
- Our 'Crew Cares' initiative has contributed to the Company being a driving force behind Canada Action's Students for Canada Program; supporting health and education initiatives for First Nations' communities; partnering with land conservation stakeholders to gather data and monitor environmental conditions; offering First Nations learning exchange field tours and community outreach; and supporting student employment through our annual summer student program that has provided valuable work experience for 17 students over the past five years.
- Based on Crew's 2019 natural gas production, more than 350,000 average Canadian homes each year could be provided with a responsibly-produced, clean-burning, low-cost, efficient and abundant energy source, which contributes to Canada's ability to maintain the high standard of living currently available in this country.

**Good Governance is Good Business**

- Crew believes in the principles of strong corporate governance, trust and integrity and we are committed to ensuring strong alignment between the Board, management and shareholders. We prioritize active stakeholder engagement and Crew's management team hosted more than 100 meetings with investors or members of the investment community in 2019.

- The Company's officers and directors are large shareholders themselves, with approximately 50% of our top 20 shareholders represented by insiders of Crew. Further, in 2019, 4.8 million shares were purchased on the open market for the purpose of future settlement of awards outstanding under the Company's long-term incentive program in a non-dilutive manner, supporting Crew's per share metrics.

- Crew's Board of Directors embraces diversity and inclusion, and currently has 17% female representation of its non-executive members, with ongoing efforts to continue to refresh the Board to enhance the overall skillset and manage tenure.

## FINANCIAL OVERVIEW

**Production Stable and In-Line**

- Q4/19 production of 22,446 boe per day was in-line with the same period in 2018 while capital spending was approximately 21% lower. Production in Q4/19 was 2% lower than the Q3/19 average of 22,824 boe per day as wells in the UCR area were shut-in for offsetting completion operations.

- Full year 2019 production averaged 22,837 boe per day and was at the high end of the Company's annual guidance range of 22,000 to 23,000 boe per day. The positive production contributions from 12.0 net new wells brought on line in the UCR area during the year were partially offset by natural production declines, voluntary shut-ins of sub-economic natural gas production, pipeline outages that occurred during the second quarter of 2019 and a third-party facility outage in Northeast British Columbia ("NE BC").

- Crew's focus on higher value condensate continues to make a meaningful impact on the Company's financial results. Condensate volumes in Q4 and full year 2019 represented 11% and 12% of total production, respectively, while condensate revenue for the same periods represented 32% and 33% of total revenue.

**Macro Factors Lead to Continued Pricing Volatility**

- During 2019, world crude oil prices underperformed 2018, with the average Canadian dollar denominated West Texas Intermediate ("WTI") price declining 10% year-over-year as OPEC production curtailments did not fully offset production growth from U.S. shale oil and slowing global oil demand growth.

- Crew's benchmark Canadian dollar denominated WTI and condensate price at Edmonton followed world prices, declining approximately 11% year-over-year, and remained relatively flat in Q4/19 versus Q3/19. In the last quarter of 2018, the Alberta Government announced oil production curtailments intended to reduce the differential between Canadian and US prices arising from a lack of Canadian egress, which contributed to an 18% increase in condensate prices at Edmonton in Q4/19 over Q4/18.

- Our heavy crude oil benchmark, Western Canada Select ("WCS"), increased 18% year-over-year, decreased 7% in Q4/19 compared to Q3/19 and increased 116% compared to Q4/18, as pricing in the last quarter of 2018 reflected significantly wider differentials. The above noted oil curtailment program successfully strengthened heavy Canadian crude oil prices in the 2019 periods compared to 2018.

- Year-over-year, Crew's realized heavy oil price increased 29%, directionally consistent with the WCS benchmark, and enhanced by the Company's lower relative blending costs required to meet pipeline specifications. Our Q4/19 realized heavy crude oil price decreased 15% compared to Q3/19, and increased 331% over Q4/18, a period of extremely wide differentials prior to the impact of curtailment initiatives.

- Production of natural gas and ngl from U.S. shale basins had a dramatic impact on North American prices for these products in 2019. Increasing North American ngl supply through the latter part of 2018 and throughout 2019, coupled with moderate weather through most of 2019, impacted ngl demand both domestically and internationally, which put downward pressure on prices through the year; the lowest prices were realized during Q3/19 followed by a small recovery in Q4/19.

- Realized pricing for Crew's ngl production was $8.66 per bbl in Q4/19, compared to $0.57 per bbl in Q3/19 and $14.71 per bbl in Q4/18. Year-over-year, Crew's 2019 realized ngl price was $6.78 per bbl compared to $23.18 per bbl in 2018. The steep reductions, which improved slightly in Q4/19, are primarily due to the significant softening of propane and butane prices in North America.

- Crew's natural gas sales continued to be exposed to a diversified portfolio of North American pricing points in 2019, including approximately 70% to U.S. based Chicago City and NYMEX pricing and approximately 30% to Canadian based Alliance, AECO and Station 2 pricing.

- Our U.S.-focused natural gas weighting benefited Crew in early 2019 as U.S. natural gas prices strengthened due to low U.S. inventories and early cold weather through late 2018 and the early part of 2019. As large volumes of associated natural gas supply were brought on-stream during the year, primarily from the Permian basin, North American supply overwhelmed demand and U.S. natural gas prices fell at Crew's primary pricing points. Chicago City Gate natural gas prices at Crew's ATP delivery point declined by 36% from Q1/19 to Q4/19.

- In Canada, natural gas markets benefitted from supportive winter weather and low inventory early in the year, yet lagged behind U.S. prices as continued lack of egress and maintenance issues on Canada's major pipelines drove a wide differential between the two markets.

- In September, TC Energy announced a Temporary Service Protocol ("TSP") that stabilized spot and term AECO pricing by reconnecting the AECO storage and transportation markets during periods of planned TC mainline maintenance. The result was an immediate boost to Canadian prices and a corresponding reduction in the differential between Canadian and U.S. prices. The Canadian benchmark AECO 5A average natural gas price was enhanced by 173% in Q4/19 compared to Q3/19, mainly the result of the TSP, which also helped to deliver a 17% increase in the average annual price for AECO 5A over 2018.

- Given a large portion of our 2019 natural gas portfolio was linked to U.S. price points, Crew's average annual realized gas price followed the U.S. price trend with a 10% realized natural gas price decline in 2019 over 2018. The Company's Q4/19 natural gas price was 21% higher than the prior quarter, due to stronger winter prices, but was 38% lower than Q4/18 reflective of declining North American prices over the past year.

- Overall, petroleum and natural gas sales for Q4/19 increased 8% over Q3/19, primarily due to significant improvements in ngl and natural gas pricing, offset by weaker heavy and light oil prices. The 11% year-over-year decrease in petroleum and natural gas sales in 2019 is attributable to weaker realized commodity prices, with the exception of heavy crude oil.

**Focus on Controlling Cash Costs**

- Crew continues to work on lowering its controllable costs with Q4/19 net operating costs per unit decreasing 7% compared to Q3/19 and 5% compared to Q4/18, while annual net operating costs per unit declined 5% year-over-year.

- General and administrative ("G&A") costs per boe also declined in Q4/19, down 2% compared to Q3/19 and down 14% compared to Q4/18. Annual G&A costs per boe were flat in 2019 compared to 2018 as declining costs were offset by the 4% decline in production.

- Transportation costs in Q4 and 2019 increased relative to Q3/19 and the corresponding periods in 2018 as the Company continued to diversify market opportunities for our natural gas production. Fees associated with additional transportation capacity on the TC Energy mainline and the new sales pipeline between West Septimus and the Saturn meter station resulted in the year-over-year increase.

- Overall cash costs per boe in Q4/19 reflect lower net operating and G&A costs per boe, although increased 4% relative to Q3/19 primarily due to a one-time royalty adjustment related to prior years. Q4/19 cash costs per boe increased 9% relative to Q4/18, primarily attributable to higher transportation costs associated with Crew's access to new natural gas markets, partially offset by lower operating costs per boe.

**Financial Results Driven by Pricing**

- AFF in Q4/19 was $16.1 million ($0.11 per diluted share) and totaled $81.0 million ($0.53 per diluted share) in 2019. Relative to the respective periods in 2018, persistently weak natural gas prices and volatility across all commodity prices generally contributed to declines in both absolute and per share AFF.

- Quarter-over-quarter AFF was 3% lower, reflecting higher royalties and transportation costs and a smaller realized commodity gain, offset by 9% lower net operating costs.

**Efficient Capital Program Focused in UCR Area**

- By successfully executing lower cost completions, Crew's net capital expenditures of $26.5 million in Q4/19 were below previous guidance of $28 to $32 million and for 2019 totaled $95.0 million (net of $19.1 million of acquisition and disposition proceeds). The majority of Crew's net capital investments throughout 2019 were directed to development within the Company's UCR area.

- In Q4/19, $20.0 million of the total capital expenditures was directed to drilling and completion activities, $4.0 million was allocated to Montney well site development, facilities and pipelines and the remaining $2.4 million was invested in land, seismic, recompletions and other miscellaneous expenditures.

**Balance Sheet Strength Remains a Priority**

- Net debt of $347.9 million was 2% lower than $355.1 million of net debt at the end of Q3/19.

- 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 22% drawn when combined with the working capital surplus at year end.

- Subsequent to year end, Crew was able to apply $35 million of proceeds from the first closing of our strategic infrastructure transaction to outstanding draws on our credit facility, which totaled $52.6 million at December 31, 2019, further strengthening the Company's balance sheet and financial flexibility. This transaction will enable the Company to capture efficiencies and strengthen the balance sheet, ultimately reducing net debt by $58.3 million with $2.1 million of annual cost savings after the second closing of this transaction in November, 2020.

**TRANSPORTATION, MARKETING & HEDGING**

**Active Marketing Program Underpins Strategy**

- Crew's election to monetize the Company's Dawn market access for all of 2019 and 2020 and our Malin market exposure for 2019 generated positive marketing income for the first three quarters of 2019, but the value inherent in the Dawn, Malin and Sumas markets deteriorated due to a narrowing of Canadian and US natural gas prices through Q3/19 as described above. As such, Crew recorded a small loss of $32,000 in Q4/19 on the monetization of its Malin exposure, with no impact from Dawn or Sumas contracts as those had previously been monetized.

- For 2020, Crew's average natural gas sales exposure is currently forecast to be weighted approximately 52% to Chicago, 8% to Malin, 15% to NYMEX, 18% to Alliance ATP, and 7% to Station 2.

**Natural Gas & Liquids Hedging**

- Crew's natural gas hedges currently include:
  - 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:
  - 1,253 bbls per day of WTI at an average price of C$77.27 per bbl for 2020
  - 250 bbls per day of WCS differential at US ($17.25) per bbl for first half 2020
  - 500 bbls per day of WCS at an average price of C$52.25 per bbl for the first half of 2020
  - 250 bbls per day of WCS at an average price of C$51.50 per bbl for the second half of 2020
  - 250 bbls per day of WCS differential at US ($16.00) per bbl for Q3 2020

- 250 bbls per day of WCS differential at US ($15.60) per bbl for second half 2020
- 250 bbls per day of EDM C5+ differential at US +$2.00 per bbl for the first three months of 2020

**OPERATIONS & AREA OVERVIEW**

**NE BC Montney - Greater Septimus**

- Crew completed four UCR wells under budget at our 3-32 ERH pad in Q4/19 which averaged over 3,000 metres in lateral length per well, the longest in the Company's history. At an average of approximately $3.8 million ($1,278 per lateral meter) per well, completion costs on the pad were 26% lower than Crew's previous pacesetter pad. The impact of recent completion design and efficiency improvements contributed to the improved capital efficiency realized on this pad.

- Early production results continue to impress from the four ERH wells on the 3-32 UCR pad. Over 53 production days, measured wellhead condensate per well averaged 659 bbls per day, and raw gas averaged 2.9 mmcf per day per well. All four wells are currently flowing restricted through permanent facilities.

- In Q1/20, Crew plans to drill and complete a water disposal well in the West Septimus area which is expected to further reduce operating costs once all regulatory approvals have been received and associated facilities are completed.

**Greater Septimus**

| **Production & Drilling** | **Q4 2019** | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 |
|---|---|---|---|---|---|
| Average daily production (boe/d) | **18,720** | 19,648 | 19,594 | 19,535 | 18,447 |
| Wells drilled (gross / net) | **0** | 0 | 1 / 1.0 | 6 / 6.0 | 6 / 6.0 |
| Wells completed (gross / net) | **4 / 4.0** | 1 / 1.0 | 0 | 8 / 8.0 | 3 / 3.0 |

| **Operating Netback** ($ per boe) | **Q4 2019** | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 |
|---|---|---|---|---|---|
| Revenue | **20.13** | 17.38 | 22.20 | 25.61 | 26.53 |
| Royalties | **(1.76)** | (1.04) | (1.27) | (1.56) | (1.58) |
| Realized commodity hedge gain / (loss) | **0.90** | 1.78 | 0.28 | (0.74) | (1.79) |
| Marketing income(1) | **(0.02)** | 1.55 | 1.43 | 1.66 | 1.23 |
| Net operating costs(2) | **(3.99)** | (4.41) | (4.46) | (4.65) | (4.51) |
| Transportation costs | **(2.61)** | (2.62) | (2.81) | (1.73) | (1.35) |
| Operating netback(3) | **12.65** | 12.64 | 15.37 | 18.59 | 18.53 |

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, 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:** Crew's Tower area generated production of 719 boe per day in Q4/19, slightly higher than Q3/19 due to decreased downtime and continued recovery from offset completion activity. Crew continues to evaluate the relative economics of Tower development as well as reviewing encouraging nearby Lower Montney well results.

- **Attachie:** At year-end, 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 Q4/19, Crew recompleted six (5.0 net) heavy crude oil wells at Lloydminster to take advantage of robust heavy crude oil prices that prevailed through Q3 and Q4/19, with average production of 1,600 bbls per day of heavy crude oil, 2% lower than Q3/19 and 2% lower relative to Q4/18, without having drilled any wells in the area in 2019. In Q1/20, two multi-lateral wells are planned to be drilled.

- In Q4/19, Crew's realized heavy crude oil price increased 331% relative to Q4/18 due to the narrowing of Canadian crude oil differentials attributable to the implementation of the Alberta Government's production curtailments on January 1, 2019. As a result, Crew's operating netbacks at Lloydminster averaged $15.48 per boe in Q4/19 and $18.00 per boe in 2019.

- As a result of Crew implementing several focused infrastructure investments designed to improve the Company's cost structure, per unit operating costs in 2019 have remained relatively flat compared to 2018 without drilling. Water and gas handling infrastructure, recompletions and artificial lift upgrades have all contributed to the stabilization of per unit costs, which has helped to offset the impact of the federal carbon tax.

## OUTLOOK

**Focus on Financial and Corporate Sustainability**

- The Company's emphasis on UCR drilling along with our goal of improving margins is proving successful. Year-over-year, condensate volumes increased 13% while Crew realized an average condensate price of $64.40 per bbl in 2019, almost three times the Company's realized wellhead price per boe of $23.22.

- With longer ERH wells and the significant efficiencies and improvements in recoveries from Crew's UCR area, we are generating superior economic returns with a smaller environmental footprint, lower operating costs and significantly lower development costs. Crew's independent reserve evaluator has assigned 50 ERH undeveloped 2P locations in our UCR area at year-end 2019.

- Crew's focus on generating an operating netback that exceeds maintenance capital requirements in established core areas for redeployment to growth regions is already a reality at Septimus, and is expected to be replicated at West Septimus in the future. Annual production decline rates at the Septimus property are less than 12% based on the year-end Sproule Report, representing similar performance attributes to a tight conventional reservoir.

- With net cash proceeds of $58.3 million expected to be realized through 2020 from our previously announced strategic transactions, Crew expects to have limited draws on our $235 million credit facility by the end of the year, and 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.

**2020 Full Year Capital Budget and Guidance**

- On November 4th, the Company provided a capital expenditures budget and production guidance for the first half of 2020, which highlighted approximately $20 to $28 million allocated to Crew's H1/20 program, with associated production expected to average 22,000 to 23,000 boe per day.

- Crew is pleased to build upon this first half capital budget with the Company's Board of Directors approving full year 2020 capital expenditures of $35 million to $45 million before acquisitions and dispositions, of which approximately 60% is planned to be invested in H1/20, and the remaining 40% in the last half of the year. The timing of capital outlays is approximate and is dependent on market conditions, with a goal of capturing optimal capital investment value.

- This level of capital investment is a reflection of the current extreme volatility in commodity prices and the heightened level of uncertainty associated with the global economy. The Company has taken a proactive approach to managing through this environment and expects that capital expenditures will be limited, while higher-cost or lower-netback production may be shut-in from time to time to preserve economics. With this in mind, Crew expects to generate average annual production of between 20,000 and 22,000 boe per day. Our focus in 2020 will be to preserve our reserves and resources, reduce water handling costs, optimize production and improve financial strength through debt reduction.

- Through the first few months of 2020, oil prices deteriorated due to softening global demand caused by the COVID-19 (Coronavirus) impact. This situation was exacerbated in the last few days with no agreement to cut oil supply from OPEC+ and an announcement from Saudi Arabia that they intend to relax all quotas effective immediately. With the spread of COVID-19 and additional oil supply expected to come on-stream over the near term, oil prices and global equity markets are expected to remain under pressure. The extreme supply / demand imbalance is anticipated to cause a sizeable reduction in industry spending which is expected to lead to lower supply over time and improvements in pricing.

- Positively, natural gas prices have strengthened as demand for power generation continues to grow and the fallout from lower oil prices is expected to reduce associated gas production in the U.S. shale basins. With a flexible and conservative capital budget, a strong focus on capturing further operational efficiencies and recent midstream transactions that afford meaningful cash proceeds, Crew's responsible and prudent strategy positions the Company well to withstand continued market uncertainty and volatility.

- The Company continues to prioritize financial flexibility and will take steps to refine our annual capital spending plans to maintain a strong balance sheet and focus on developing and producing the assets which provide the highest returns in the current environment.

**Optimally Positioned for Diversified Market Access**

- Crew's land base is ideally situated to access multiple, advantageously-priced markets at differentiated sales points across North America for the Company's natural gas. It is proximal to the recently approved Coastal GasLink Pipeline, represents a cost-effective and convenient supply source for LNG and is positioned along the CN Rail line for the potential for liquids transportation. In addition, we have access to three major export pipelines, with industry plans in place for a potential fourth export pipeline.

- Crew's continuous investment in infrastructure has positioned the Company with processing capacity that would accommodate corporate production of over 40,000 boe per day, providing future growth opportunities at low costs.

With continued challenges facing our industry, we appreciate the tireless efforts of Crew's employees and Directors whose commitment and dedication is critical to the success of our Company. We thank all of our shareholders and bondholders for your ongoing support.

**Advisories**

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

*All amounts in this news release are stated in Canadian dollars unless otherwise specified. Our oil and gas reserves statement for the year ended December 31, 2019, which will include complete disclosure of our oil and gas reserves and other oil and gas information in accordance with NI 51-101, will be contained within our Annual Information Form which will be available on our SEDAR profile at www.sedar.com on or before March 30, 2020. The recovery and reserve 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 or subsets thereof, including the UCR area of operations, 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 belief that it will establish additional reserves over time with conversion of probable undeveloped reserves into proved reserves is a forward-looking statement and is based on certain assumptions and is subject to certain risks, as discussed below under the heading "Forward-Looking Information and Statements".*

*This press release contains metrics commonly used in the oil and natural gas industry, such as "finding and development costs" and "finding, development and acquisition costs". Each of these metrics are determined by Crew as specifically set forth in its press release dated February 10, 2020 filed on SEDAR. These terms 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 to provide readers with additional information to evaluate the Company's performance however, such metrics should not be unduly relied upon for investment or other purposes. Management uses these metrics for its own performance measurements and to provide readers with measures to compare Crew's performance over time.*

*Both F&D and FD&A costs take into account reserves revisions during the year on a per boe basis. The aggregate of the costs incurred in the financial year and changes during that year in estimated FDC may not reflect total F&D costs related to reserves additions for that year. Finding and development costs both including and excluding acquisitions and dispositions have been presented in this press release because acquisitions and dispositions can have a significant impact on our ongoing reserves replacement costs and excluding these amounts could result in an inaccurate portrayal of our cost structure.*

*This press release contains financial and performance metrics that are not defined in IFRS and do not have standardized meanings or standardized methods of calculation, such as "adjusted funds flow", "operating netbacks", "net capital expenditures", "working capital surplus" and "net debt". As such, these terms 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.*

*With respect to the use of terms used in this press release identified as Non-IFRS Measures, see Non-IFRS Measures contained in Crew's MD&A for applicable definitions, calculations, rationale for use and, where applicable, reconciliations to the most directly comparable measure under IFRS.*

*Reference is made in this news release to the Company's annualized production decline rate at Septimus. The decline rate is derived from the Sproule Report and reflects the average decline rate of all of Crew's producing wells in the Septimus area of operations.*

**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 in the first half and balance of 2020; the anticipated receipt of net cash proceeds of $58.3 million upon remaining closings of the Company's previously announced strategic transactions; as to the Company's ongoing goal of increasing the overall weighting of condensate in its production mix; the volumes and estimated value of Crew's oil and gas reserves; the estimated future net value of Crew's reserves in its UCR area of operations; the estimated volumes, including shut-ins, and product mix of Crew's oil and gas production; production estimates including first half and full year 2020 average production guidance; production decline estimates; commodity price expectations including Crew's estimates of natural gas pricing exposure; Crew's commodity risk management programs including its forecast for natural gas sales exposure in 2020; marketing and transportation plans; future liquidity and financial capacity; future results from operations and operating metrics; potential for lower costs and efficiencies going forward; expectations regarding the potential impact of COVID-19, world supply and demand projections and possible reductions in industry spending as a result, and long-term impact on pricing; future development, exploration, acquisition and disposition activities (including drilling and completion plans and associated timing and cost estimates); infrastructure investment plans and associated production capacity; and the amount and timing of capital projects.*

*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 defer 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; interruptions, unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates; climate change regulations, 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 internal projections, expectations or beliefs underlying the Company's 2020 capital budget and corporate outlook for 2020 and beyond are subject to change in light of ongoing results, prevailing economic circumstances, commodity prices and industry conditions and regulations. Crew's outlook for 2020 and beyond provides shareholders with relevant information on management's expectations for results of operations, excluding any potential acquisitions, dispositions or strategic transactions that may be completed in 2020 and beyond. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted and Crew's 2020 guidance and outlook may not be appropriate for other purposes. 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.*

**Supplemental Information Regarding Product Types**

*This news release includes references to 2019 production, 2020 first half and 2020 annual average daily production volumes. The following is intended to provide the product type composition for each of the production figures provided herein, where not already disclosed within tables above:*

| | **Production Weighting by Product Type** | | | | | |
|---|---|---|---|---|---|---|
| | Light Crude Oil(1) | Heavy crude oil | Natural gas liquids(2) | Condensate | Natural gas | Total (boe/d) |
| *Production guidance for the first half of 2020* | *1%* | *7%* | *10%* | *13%* | *69%* | *22,000 - 23,000* |
| *Average 2020 annual production guidance* | *1%* | *7%* | *10%* | *12%* | *70%* | *20,500 - 21,500* |
| ***Greater Septimus Production*** | | | | | | |
| *Q4/19* | - | - | *10%* | *13%* | *77%* | 18,720 |
| *Q3/19* | - | - | *11%* | *13%* | *76%* | 19,648 |
| *Q2/19* | - | - | *10%* | *16%* | *74%* | 19,594 |
| *Q1/19* | - | - | *10%* | *13%* | *77%* | 19,535 |
| *Q4/18* | - | - | *9%* | *13%* | *78%* | 18,447 |

*Notes:*

(1) Medium oil amounts are immaterial.

(2) Throughout this news release, natural gas liquids ("ngl") comprise all natural gas liquids as defined by NI 51-101 other than condensate, which is disclosed separately.

**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 and socially 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 ultra-condensate-rich Septimus and West Septimus areas ("Greater Septimus") along with Groundbirch and the light oil area at Tower in British Columbia offer significant development 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 Management's Discussion and Analysis for the three and twelve month periods ended December 31, 2019 and 2018 are filed on SEDAR at www.sedar.com and are available on the Company's website at www.crewenergy.com.

SOURCE Crew Energy Inc.