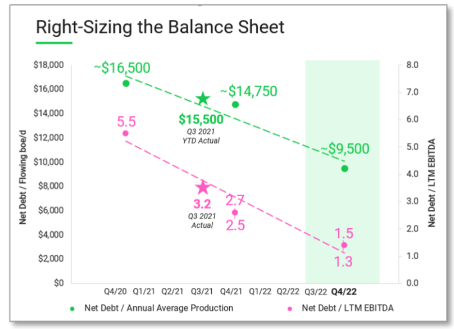
Crew Energy Inc. Announces 2022 Capital Budget and Continued Execution of Two-Year Plan, Highlighted by Debt Reduction and Per Share Growth in Production and AFF

December 8, 2021

CALGARY, Alberta, Dec. 08, 2021 (GLOBE NEWSWIRE) -- Crew Energy Inc. (TSX: CR, OTCQB: CWEGF) ("Crew" or the "Company"), a growth-oriented natural gas weighted producer operating exclusively in the world-class Montney play in northeast British Columbia, is pleased to confirm that our Board of Directors (the "Board") has approved a 2022 capital expenditure budget ranging between $70 and $95 million, in-line with our established two-year plan. In 2022, Crew plans to continue targeting increased annual average daily production, expand our adjusted funds flow ("AFF"), and generate free AFF [1] for ongoing debt repayment designed to significantly improve leverage metrics (the "Two-Year Plan"). In 2022, we expect to produce enough natural gas to heat over 750,000 average Canadian households for one year[2], an achievement of which Crew is extremely proud.

"The successful execution of our Two-Year Plan to date is reflected in our performance through 2021, which has placed Crew in a stronger position than originally anticipated. The positive impact of new production volumes coming on-stream into a stronger commodity price environment, complemented by unit cost reductions that expand margins, is expected to generate meaningful AFF[1] in excess of capital expenditures ("Free AFF")," said Dale Shwed, President and CEO of Crew. "In 2022, we expect to increase production per share by approximately 20% and AFF[1] per share by approximately 54% at the midpoint over 2021, while generating significant Free AFF[1] to pay down bank debt and improve leverage metrics."

Right-Sizing the Balance Sheet



Right-Sizing the Balance Sheet

TWO YEAR PLAN 2020-2022

	2020	2021	YoY % Change	2022	YoY % Change
Average Production (boe/d)	21,955	26,000 - 27,000	**21 ▲**	**31,000 - 33,000**	**21 ▲**
Production per Share (MM)	144	170 - 175	**20 ▲**	**200 - 213**	**20 ▲**
Unit Costs per Boe[3] ($/boe)	13.19	11.75 - 12.75	**(7) ▼**	**9.00 - 10.00**	**(22) ▼**
AFF[1] ($MM)	41.2	120 - 140	**216 ▲**	**190 - 210**	**54 ▲**
AFF[1] per Share ($/sh)	0.27	0.77 - 0.90	209 ▲	**1.22 - 1.35**	**54 ▲**
Net Debt to LTM EBITDA[1]	5.5x	2.5x - 2.7x	**(53) ▼**	**1.3x - 1.5x**	**(46) ▼**

CAPITAL PROGRAM

Crew anticipates that our 2022 capital budget of $70 to $95 million will be allocated to the drilling and completion of five wells in our promising new Groundbirch development area and the completion of seven wells in the Ultra-Condensate Rich ("UCR") [4] area of northeast British Columbia. This investment is expected to result in average annual production of 31,000 to 33,000 boe per day[5] and enable the Company to maintain production at these levels throughout 2022. Crew is maintaining our net capital expenditure forecast of $150 to $170 million for 2021. Seven of our 15 UCR drilled and uncompleted wells are expected to be brought on production through December 2021 and the remaining eight wells are forecasted to come online before the end of Q1/22, which is expected to lead to an increase in excess of 20% in condensate production over 2021. Five of these wells are located at our 4-21 pad, and ten are located at our 4-14 pad. The operating environment and market conditions will be actively monitored through 2022 to assess the merits of maintaining the planned capital program.

Crew's 2022 capital program benefits from the Company's previously announced sale of our Lloydminster heavy crude oil property on multiple fronts. Not only were we able to direct proceeds from the sale into our ongoing Montney development, but the transaction has also had a positive impact on our overall environmental footprint by eliminating 46% of our direct 2020 GHG ("Greenhouse Gas") emissions (Scope 1) while only divesting of approximately 4% of total corporate production. Approximately $34.5 million of capital that was previously earmarked for the abandonment of over 609 gross (539 net) wellbores at Lloydminster can now be allocated to high value add projects at Greater Septimus and Groundbirch. Crew's commitment to reducing GHG emissions is a top priority, which will significantly improve in 2022 and beyond as a result of the sale of our heavy oil assets combined with continuous improvements of operational processes and facility upgrades.

OVERVIEW

Entering the second half of Crew's Two-Year Plan, we expect to capitalize on the increased production and improved margins generated in 2021 to drive Free AFF[6] and improve debt metrics, which are expected to meaningfully improve Crew's long-term sustainability. The supportive pillars underlying our 2022 plan include[8]:

- **AFF Driven by Higher Production and Prices** – Our full year 2022 AFF[6] forecast of between $190 to $210 million has been bolstered by the strengthening in commodity markets during 2021, coupled with higher margins and increased production levels generated in the first year of our Two-Year Plan.
- **Production Growth** – Annual 2022 average production is anticipated to be between 31,000 to 33,000 boe per day[7], representing increases of 45% and 19% over 2020 and 2021, respectively (at forecasted midpoints). The production volume increases realized to date are the result of a successful drilling and completions program throughout 2021, supported by longer lateral wells and enhanced drilling and completion efficiencies. Production additions in the fourth quarter of 2021 and the first half of 2022 are focused on the completion of 15 wells in the UCR area at Greater Septimus which is expected to lead to an increase in excess of 20% in condensate production over 2021. In the second half of 2022, production additions are expected from the drilling and completion of five wells in our promising new development area in Groundbirch with over 70,000 acres of contiguous land. Initial production rates from this new development area are encouraging, with the first three wells currently producing at a combined rate of approximately 32 mmcf per day after 45 days on production.
- **Reduced Costs** – Crew's strategy to reduce per unit costs through our two-year plan is primarily based on increasing production volumes into existing infrastructure and transportation capacity, as over 50% of the Company's expenses are fixed. As production continues to increase, per unit costs associated with operating, transportation, G&A and interest expenses are forecast to decline to between $9.00 and $10.00 per boe in 2022[8], representing decreases of approximately 30% from 2020 and approximately 22% from 2021. The Company is on track to achieve these goals, supported by the recent disposition of our Lloydminster heavy crude oil assets, in addition to new production from the 1-8 West Septimus and 4-17 Groundbirch pads and upcoming production from our 4-21 and 4-14 pads[9]. Combined, these factors are expected to result in more efficient use of the 120 mmcf per day of sales gas capacity at our West Septimus plant and the 60 mmcf per day of sales gas capacity at the Septimus gas plant.
- **Debt Reduction** – Based on our 2022 budget, current forward commodity prices and our commitment to paying down outstanding debt, the Company's last twelve-month ("LTM") EBITDA [6] to net debt ratio is on track to be approximately 1.3 to 1.5x by the end of 2022. This improved balance sheet position is expected to support our long-term financial health from a debt coverage perspective, putting the Company in a strong position to continue expanding reserves and production.
- **Strategic Hedging** – A balanced risk management program ensures the Company generates sufficient AFF to cover our planned capital program under various pricing environments. Crew currently has over 79,000 GJ's per day (approximately 42%) of forecasted natural gas production for 2022 hedged at an average price of $2.67 per GJ (or $3.26 per mcf using Crew's heat content factor).

An infographic accompanying this announcement is available at https://www.globenewswire.com/NewsRoom/AttachmentNg/bb580a09-cd71-4ef7-815c-2280855a75b2

BUDGET SENSITIVITIES

2022 Sensitivities

	AFF ($MM)	*AFF/Share*	*FD AFF/Share*
100 bbl per day Condensate[1]	$2.8	*$ 0.02*	*$ 0.02*
C$1.00 per bbl WTI	$1.3	*$ 0.01*	*$ 0.01*
US $0.10 NYMEX (per mmbtu)	$1.1	*$ 0.01*	*$ 0.01*
1 mmcf per day natural gas	$1.5	*$ 0.01*	*$ 0.01*
$0.10 AECO 5A (per GJ)	$2.4	*$ 0.02*	*$ 0.02*
$0.01 FX CAD/US	$1.8	*$ 0.01*	*$ 0.01*

SUMMARY

As economies recover from COVID-19 and commodity markets continue to strengthen, Crew expects that Canadian natural gas will play an important role for the world as governments seek to diversify energy sources to achieve meaningful emissions reductions. With this reaffirmation of our 2022 plans, we are excited to continue executing on our strategy to expand on the production of responsible energy while leveraging a positive operating environment in which we can strive to create value and generate profitable and sustainable growth. We thank all of our stakeholders, including employees, directors, partners, communities, bondholders and shareholders, for their contribution and dedication to the success of Crew.

ADVISORIES

Non-IFRS Measures

Certain financial measures referred to in this press release, such as adjusted funds flow or AFF, EBITDA, net capital expenditures, net debt, net operating costs and working capital deficiency and are not prescribed by IFRS. Crew uses these measures to help evaluate its financial and operating performance as well as its liquidity and leverage. These non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers.

"Adjusted funds flow" or "AFF", presented herein is equivalent to funds from operations before decommissioning obligations settled. The Company considers this metric as a key measure that demonstrate the ability of the Company's continuing operations to generate the cash flow necessary to maintain production at current levels and fund future growth through capital investment and to service and repay debt. Crew also presents AFF per share in this presentation whereby per share amounts are calculated using fully diluted shares outstanding.

"Free AFF" is calculated by taking adjusted funds flow and subtracting capital expenditures, excluding acquisitions and dispositions. Management believes that free adjusted funds flow provides a useful measure to determine Crew's ability to improve sustainability and to manage the long-term value of the business.

"EBITDA" is calculated as consolidated net income (loss) before interest and financing expenses, income taxes, depletion, depreciation and amortization, adjusted for certain non-cash, extraordinary and non-recurring items primarily relating to unrealized gains and losses on financial instruments and impairment losses. Crew utilizes EBITDA as a measure of operational performance and cash flow generating capability. EBITDA impacts the level and extent of funding for capital projects investments. This measure is consistent with the EBITDA formula prescribed under the Company's Credit Facility and allows Crew and others to assess its ability to fund financing expenses, net debt reductions and other obligations.

"Net Capital Expenditures" equals exploration and development expenditures plus property acquisitions or less property dispositions.

"Net Debt" is defined as bank debt plus working capital deficiency or surplus, excluding the current portion of the fair value of financial instruments.

"Net Debt to LTM EBITDA" is calculated as net debt at a point in time divided by EBITDA earned from that point back for the trailing twelve months.

"Net Operating Costs" equals operating costs net of processing revenue.

Please refer to Crew's most recently filed MD&A for additional information relating to Non-IFRS measures including a reconciliation of AFF to its most closely related IFRS measure. The MD&A can be accessed either on Crew's website at www.crewenergy.com or under the Company's profile on www.sedar.com.

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 ability to execute on its two-year development plan and underlying strategy and targets as described herein; as to our plan to optimize and increase production and infrastructure utilization, reduce unit and net operating costs and enhance margins, streamline operations and improve efficiencies; our 2022 annual capital budget range, associated drilling and completion plans and all associated guidance and underlying assumptions; production estimates including forecast 2021 and 2022 annual average production volumes; our ability to maintain production levels throughout 2022; our plan to produce enough natural gas to heat over 750,000 average Canadian households for one year; our expectation to increase production per share by approximately 20% and AFF per share by approximately 55% at the midpoint over 2021; 2021 and 2022 AFF estimates and targeted significant free AFF and improvement in debt metrics; commodity price expectations including Crew's estimates of natural gas pricing exposure; Crew's commodity risk management programs and future hedging opportunities; well abandonment plans; marketing and transportation and processing plans and requirements; estimates of processing capacity and requirements; anticipated reductions in GHG emissions and decommissioning obligations; future liquidity and financial capacity; future results from operations and operating and leverage metrics; anticipated reductions in expenses and associated estimates including forecast unit costs in 2022; our targeted Net Debt to LTM EBITDA ratio of approximately 1.3 to 1.5x by the end of 2022; efficiencies and enhanced returns going forward; world supply and demand projections and long-term impact on pricing; future development, exploration, acquisition and disposition activities (including drilling and completion plans, anticipated on-stream dates and associated development timing and cost estimates); the potential of our Groundbirch area to be a core area of future development and the number of potential and prolific nature of wells to be drilled; infrastructure investment plans; the successful implementation of our ESG initiatives, and significant emissions intensity improvements going forward; the amount and timing of capital projects; and anticipated improvement in our long-term sustainability and the expected positive attributes discussed herein attributable to our two-year development plan.

The internal projections, expectations, or beliefs underlying our Board approved 2022 capital budget and associated guidance are subject to change in light of the impact of the COVID-19 pandemic, and any related actions taken by businesses and governments, ongoing results, prevailing economic circumstances, commodity prices, and industry conditions and regulations. Crew's financial outlook and guidance provides shareholders with relevant information on management's expectations for results of operations, excluding any potential acquisitions or dispositions, for such time periods based upon the key assumptions outlined herein. Such information reflects internal targets used by management for the purposes of making capital investment decisions and for internal long-range planning and budget preparation. Readers are cautioned that events or circumstances could cause capital plans and associated results to differ materially from those predicted and Crew's guidance for 2022 and may not be appropriate for other purposes. Accordingly, undue reliance should not be placed on same.

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: the continuing and uncertain impact of COVID-19; 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).

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Crew's prospective capital expenditures, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. The actual results of operations of Crew and the resulting financial results will likely vary from the amounts set forth in this press release and such variation may be material. Crew and its management believe that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments. However, because this information is subjective and subject to numerous risks, it should not be relied on as necessarily indicative of future results. Except as required by applicable securities laws, Crew undertakes no obligation to update such FOFI. FOFI contained in this press release was made as of the date of this press release and was provided for the purpose of providing further information about Crew's anticipated future business operations. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein.

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.

Key Budget and Underlying Material Assumptions[1]

	2022
Net Capital Expenditures ($MM)	70-95
Annual Average Production (boe/d)	31,000-33,000
Adjusted Funds Flow ($MM)[2]	190-210
EBITDA[2] ($MM)	214-234
Oil price (WTI) ($US per bbl)	$65.00
Natural gas price (AECO 5A) ($C per mcf)	$3.50
Natural gas price (NYMEX) ($US per mmbtu)	$4.00
Natural gas price (Crew est. wellhead) ($C per mcf)	$4.00
Foreign exchange ($US/$CAD)	$0.78
Royalties	4-6%
Net operating costs[2] ($ per boe)	$3.50-$4.00
Transportation ($ per boe)	$2.50-$3.00
G&A ($ per boe)	$0.80-$1.00
Interest rate – bank debt	6.0%
Interest rate – high yield	6.5%

Notes:

(1) The actual results of operations of Crew and the resulting financial results will likely vary from the estimates and material underlying assumptions set forth in this guidance by the Company and such variation may be material. The guidance and material underlying assumptions have been prepared on a reasonable basis, reflecting management's best estimates and judgments.

(2) Non-IFRS measure that does not have any standardized meaning as prescribed by International Financial Reporting Standards, and therefore, may not be comparable with the calculations of similar measures for other entities. See "Non-IFRS Measures" contained within this Press Release.

Supplemental Information Regarding Product Types

The following is intended to provide the product type composition for each of the boe/d production figures provided herein, where not already disclosed within tables above:

Corporate Production Volume Breakdown[2]

	Crude Oil[1]	**Natural gas liquids[3]**	**Condensate**	**Conventional Natural gas**	**Total (boe/d)**
2020 Annual Average	1,549 bbl/d	2,070 bbl/d	2,583 bbl/d	94,519 mcf/d	21,955
2021 Annual Average	4%	9%	10%	77%	26,000-28,000

2022 Annual Average	0%	9%	11%	80%	31,000-33,000

Notes:

(1) Crude oil is comprised primarily of Heavy crude oil, with an immaterial portion of Light and Medium crude oil.

(2) With respect to forward looking production guidance, given the potential for variability in actual product type results, the issuer approximates percentages for budget planning purposes based on management's reasonable assumptions including, without limitation, historical well results.

(3) Excludes condensate volumes which have been reported 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 ("IP") rates disclosed herein, particularly those of short duration may not necessarily be indicative of long term performance or of ultimate recovery. Initial Production ("IP") rates indicate the average daily production over the indicated daily period.

BOE and MMCFE Conversions

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 Energy Inc. is a liquids-rich 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 natural gas areas of Septimus and West Septimus and Groundbirch 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 adheres to safe and environmentally responsible operations while remaining committed to sound environmental, social and governance practices which underpin Crew's fundamental business tenets. Crew's common shares are listed for trading on the Toronto Stock Exchange ("TSX") under the symbol "CR".

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[1] Non-IFRS Measure. See "Advisories - Non-IFRS Measures".

[2] Based on average Canadian household usage of 88.4 GJ/year (StatsCan; 2015)

[3] Includes operating costs, transportation costs, interest, general and administrative expenses

[4] "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).

[5] See table in the Advisories for production breakdown by product type as defined in NI 51-101.

[6] Non-IFRS Measure. See "Advisories - Non-IFRS Measures".

[7] See table in the Advisories for production breakdown by product type as defined in NI 51-101.

[8] See table in the Advisories for key budget and underlying material assumptions related to Crew's development plan and associated guidance.

[9] Crew's 2020 and 2021 counter cyclical execution strategy has enabled lower cost development of our resources and reduced overall per unit operating costs. This strategy has also enabled Crew to maintain higher volumes in 2022 without significant additional capital.

[10] 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.