CREW ENERGY INC. (TSX-CR)
CREW ENERGY INC. ANNOUNCES 2013 BUDGET TARGETING 15% INCREASE IN LIQUIDS PRODUCTION – JANUARY 7, 2013

Crew Energy Inc. ("Crew" or the "Company") is pleased to announce its Board of Directors has approved a 2013 capital budget of $219 million. The 2013 program is designed to focus on the Company's operating strategy to invest in the highest rate of return projects while also further defining and capturing hydrocarbon resource. Funding of this program will come from cash flow from operations and bank debt. The 2013 program is expected to provide 15% liquids growth spearheaded by the drilling of 101 (99.0 net) wells with 87% of the wells targeting oil and 13% of the wells targeting liquids rich natural gas.

In 2012, Crew achieved its target exit rate of 28,000 boe per day prior to the closing of the Kobes disposition (sale of 625 boe per day) and is estimating fourth quarter production based on preliminary field estimates of approximately 27,000 boe per day, an increase of approximately 3% over the prior quarter. With the sale of 625 boe per day and the shut-in of 400 boe per day of natural gas production that became uneconomic with the expiration of a transportation contract late in 2012, Crew is currently producing approximately 27,000 boe per day. In the fourth quarter, the Company drilled 24 gross wells including one well at Kobes which was included in the fourth quarter disposition, one well each at Septimus and the Deep Basin which were part of the accelerated 2013 program; 13 wells at Princess including a horizontal well that tested at a rate of 800 boe per day based on 144 hours and eight heavy oil wells at Lloydminster which included three successful horizontal wells at Wildmere that tested two separate Mannville formations. We also initiated water injection on our eighth waterflood at Princess as part of our long term enhanced recovery project and completed a produced water disposal well at Septimus that will eliminate approximately $1.0 million of water handling costs annually.

Production growth is forecasted to accelerate throughout 2013 with a target exit rate of 29,000 to 30,000 boe per day and an annual average of 27,500 to 28,500 boe per day. This year's program will maintain a focus on secondary recovery programs at Princess and Lloydminster with a forecasted four to six new projects planned. These investments provide some of the highest rates of return in the Company and are expected to measurably reduce corporate declines over time. Capital will also be allocated to land retention and resource capture initiatives at Septimus and in the greater Kakwa area of the Deep Basin. Complementary asset acquisitions are continually being monitored and evaluated but are presently not part of the exploration and development budget.

Crew plans to invest in its four main operating areas; Lloydminster, Princess, Septimus and the Deep Basin in 2013. The Company's ability to invest at attractive economics in these areas has been enhanced by the Company's 2013 hedging program with 48% of forecasted natural gas production and 37% of forecasted liquids production hedged at attractive prices.

At Lloydminster, Crew expects to drill 60 wells where the Company is following up on a number of 2012 exploration and development successes on lands acquired in 2011 and on recently purchased Crown land. Company owned processing infrastructure provides excellent logistics and superior netbacks and the low capital costs consistently generate exceptional returns even in the current wide heavy oil differential environment. In addition to the drilling program, the Company plans to recomplete 40 to 60 wells in the area in 2013.

At Princess, Crew will focus on the optimization of existing production, implementation of three to five new waterfloods and the drilling of 21 wells. Crew's existing waterfloods have been very successful in stemming declines in pools where they have been implemented. Longer term, the Company is targeting decline rates in the area to be reduced to the 20 to 25% range. Based on this program, it is expected this area will generate significant positive free cash flow in 2013.

In the greater Septimus area, Crew will drill 11 (9.0 net) wells with seven (7.0 net) wells targeting liquids rich natural gas and two (2.0 net) wells targeting oil at Tower. Crew has reduced costs in this area by over 10% by optimizing capital efficiencies through pad drilling and modified completion techniques which have also resulted in improved individual well performance. The Company has also invested in water source and disposal infrastructure in the area to further reduce our cost structure, all of which has resulted in enhanced economics with rates of return improving from 20% to approximately 40% despite the current commodity price environment. Crew also plans to have the owner of the Crew operated Septimus gas plant expand the facility from its current capacity of 46 mmcf per day to 64 mmcf per day with construction expected to commence in 2013.

In the greater Kakwa area of the Deep Basin, Crew plans to drill seven (6.8 net) wells targeting liquids rich natural gas. This area is characterized by lower decline production and high liquids content in the 90 bbls per mmcf range of which roughly a third is condensate driving favorable returns. Crew is evaluating a more significant infrastructure expansion for the Kakwa area to take advantage of proposed pipeline expansions and provide for future growth.

2013 CAPITAL EXPENDITURE BY TYPE

	($ million)
Drilling and Completions	151.8
Equip/Tie-in/Facilities	25.6
Optimization	18.3
G & A/Environmental/other	12.8
Land & Seismic	10.5
Total Capital	219.0

Crew's budget and guidance are best estimates based on certain assumptions including operating results and commodity prices and will be regularly monitored by management. Additional information regarding our 2013 budget can be found within the latest presentation on the Company's website at www.crewenergy.com. Our primary goal is to proactively manage our capital program as it relates to operational success and fluctuating commodity prices with a goal to maintain financial flexibility and achieve our production goals.

CAUTIONARY STATEMENTS

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" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the forgoing, this news release contains forward-looking information and statements pertaining to the following: the Company's planned capital expenditure program, drilling plans, estimated and expected production levels and commodity mix; anticipated reductions in decline rates at Princess, future commodity prices, the future differential between WTI prices and WCS prices, future royalty rates, the future exchange rate for the Canadian dollar to the US dollar, operating costs, transportation costs, general and administrative costs, interest costs, the Company's cash flow from operations, future results from operations; future development and exploration activities and related capital expenditures and adequacy of anticipated methods of financing, the number of wells to be drilled and completed and related production expectations; and the amount and timing of capital projects.

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: the impact of increasing competition; the general stability of the economic and political environment in which Crew operates; 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; the ability of Crew to successfully market its oil and natural gas products; ability to improve upon historical recovery factors.

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 statement, 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; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of Crew or by third party operators of Crew's properties, increased debt levels or debt service requirements; inaccurate estimation of Crew's oil and gas reserve and resource volumes; limited, unfavourable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time-to-time in Crew's public disclosure documents, (including, without limitation, those risks identified in this news release and Crew's Annual Information Form).

The forward-looking information and statements contained in this news release speak only as of the date of this news release, and Crew does not assume any obligation to publicly update or revise any of the included forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

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.

Crew is a Calgary, Alberta based oil and gas exploration, development and production company whose shares are traded on The Toronto Stock Exchange under the trading symbol "CR".

FOR DETAILED INFORMATION, PLEASE CONTACT:

Dale Shwed, President and C.E.O.
Telephone: (403) 231-8850

John Leach, Senior Vice President and C.F.O.
Telephone: (403) 231-8859

Rob Morgan, Senior Vice President and C.O.O
Telephone: (403) 513-9628

Website: www.crewenergy.com