CREW ENERGY ISSUES 2008 FIRST QUARTER FINANCIAL AND OPERATING RESULTS
CALGARY, ALBERTA – MAY 8, 2008

Crew Energy Inc. (TSX-CR) of Calgary, Alberta is pleased to present its operating and financial results for the three month period ended March 31, 2008.

Highlights

- First quarter production averaged a record 10,614 boe per day, an increase of 55% over the first quarter of 2007;
- Production per share increased 20% over the first quarter of 2007;
- Funds from operations for the first quarter set a record of $29.0 million, a 71% increase over the first quarter of 2007 while funds from operations per share was up 32% to $0.54 per share;
- Production was 10% higher and funds from operations was 30% higher than the fourth quarter of 2007;
- Maintained a strong balance sheet with $138.4 million of net debt and a current bank facility of $210 million which was recently increased from $180 million;
- Continued an aggressive land acquisition strategy on key resource plays in northeast British Columbia;
- On April 14, 2008, announced an acquisition of 104 net sections of Montney formation mineral rights in the Company's core area in northeast British Columbia for $65 million;
- Completed a $66.75 million bought deal equity financing on May 1, 2008.

Financial ($ thousands, except per share amounts)	**Three months ended Mar. 31, 2008**	Three months ended Mar. 31, 2007
Petroleum and natural gas sales	**51,389**	29,431
Funds from operations (note 1)	**29,038**	16,987
Per share - basic	**0.54**	0.41
- diluted	**0.54**	0.41
Net income	**941**	1,319
Per share - basic	**0.02**	0.03
- diluted	**0.02**	0.03
Exploration and development investment	**49,102**	34,319
Property acquisitions (net of dispositions)	**8,646**	61
Total capital investment	**57,748**	34,380

Capital Structure ($ thousands)	**As at Mar. 31, 2008**	As at Dec. 31, 2007
Working capital deficiency (note 2)	**14,224**	14,292
Bank loan	**124,143**	95,374
Net debt	**138,367**	109,671
Bank facility	**210,000**	180,000
Common Shares Outstanding (thousands)	**53,676**	53,577

Notes:
(1) Funds from operations is calculated as cash provided by operating activities, adding the change in non-cash working capital, transportation liability charge and asset retirement expenditures. Funds from operations is used to analyze the Company's operating performance and leverage. Funds from operations does not have a standardized measure prescribed by Canadian Generally Accepted Accounting Principles and therefore may not be comparable with the calculations of similar measures for other companies.
(2) Working capital deficiency does not include the fair value of financial instruments, current portion of other long-term obligations or the current portion of the future income tax asset.

Operations	Three months ended Mar. 31, 2008	Three months ended Mar. 31, 2007
Daily production		
Light oil and ngl (bbl/d)	**1,996**	1,468
Natural gas (mcf/d)	**51,707**	32,407
Oil equivalent (boe/d @ 6:1)	**10,614**	6,869
Per million diluted shares	**197**	164
Average prices (note 1)		
Light oil and ngl ($/bbl)	**70.72**	51.85
Natural gas ($/mcf)	**8.19**	7.74
Oil equivalent ($/boe)	**53.20**	47.61
Operating expenses		
Light oil and ngl ($/bbl)	**6.25**	5.58
Natural gas ($/mcf)	**1.18**	1.03
Oil equivalent ($/boe @ 6:1)	**6.91**	6.06
Netbacks		
Operating netback ($/boe) (note 2)	**33.15**	29.74
G&A ($/boe)	**1.08**	1.07
Interest and other ($/boe)	**2.01**	1.19
Funds from operations ($/boe)	**30.06**	27.48
Drilling Activity		
Gross wells	**12**	10
Working interest wells	**9.8**	9.5
Success rate, net wells	**100%**	100%

Notes:

(1) Average prices are before deduction of transportation costs.

(2) Operating netback equals petroleum and natural gas sales less royalties, operating costs and transportation costs calculated on a boe basis. Operating netback and funds from operations do not have a standardized measure prescribed by Canadian Generally Accepted Accounting Principles and therefore may not be comparable with the calculations of similar measures for other companies.

OVERVIEW

The first quarter of 2008 was highlighted by record production of 10,614 boe per day representing a 55% increase over the same period in 2007 and a 10% increase over the fourth quarter of 2007. Production per share was up 20% over the same period of 2007. Crew also achieved record funds from operations of $29 million and funds from operations per share of $0.54. The Company was active drilling 12 (9.8 net) wells and spending $17.9 million on land acquisitions on key resource plays. Crew purchased interests in two gas plants, pipeline infrastructure and associated production of approximately 100 boe per day which is expected to substantially reduce operating costs in the Carrot Creek, Alberta area and gives Crew control of strategic infrastructure.

OPERATIONAL UPDATE

Edson, Alberta

Crew drilled three wells to complete the planned five well development drilling program in the Rock Creek formation after receiving approval for downspacing to four wells per section from the Energy Resources Conservation Board. Crew currently has a two to three year inventory of development drilling opportunities in this area with plans to drill its first long reach horizontal at Edson employing limited entry multiple fracture stimulation technology. Crew's dominant land and infrastructure ownership has led to reduced costs and cycle times in the area. Plans after spring break-up are to drill two horizontal wells.

Pine Creek, Alberta

This area has been transformed into a core producing area from an exploration concept in less than one year. Crew now owns an interest in over 55 sections of land at Pine Creek. In the first quarter, the Company drilled five (4.0 net) wells resulting in five gas wells and early in the first quarter doubled the compression capacity of its 100% owned gas facility in the area in order to process up to 15 mmcf per day of raw gas. Natural gas production at Pine Creek is liquids rich yielding 45 to 50 bbls of natural gas liquids per one mmcf of natural gas produced. The area is characterized by drilling depths of 2,000 to 2,800 meters with multiple prospective horizons. The Company has been able to develop a significant land position in a short period of time which has resulted in a two to three year drilling inventory. Current plans for 2008 are to drill a total of seven to ten wells in the Pine Creek area.

Viking-Kinsella, Alberta

Crew drilled two net oil wells in the first quarter and continued its land and seismic acquisition programs in this area. The seismic acquisition has led to the confirmation of five drillable gas prospects and three drillable oil prospects. The oil wells drilled during the quarter were successful and are awaiting production start up. Crew has identified 12 additional locations which will be dependent on the production performance of the first two wells. Up to ten wells are expected to be drilled in the Viking-Kinsella area in 2008.

Hanlan, Alberta

Crew (WI - 42.5%) has continued construction operations to complete and tie-in its fourth quarter 2007 discovery. This well's tie-in was delayed one month and is now on production at restricted rates of 17 to 20 mmcf per day. The Company (WI – 41.5%) also attempted one additional recompletion in the first quarter at Hanlan that was unsuccessful. Crew has two further recompletion opportunities in the area with working interests of 42.5% and 50%.

Carrot Creek, Alberta

This is a full cycle exploration area that the Company has taken from an exploration concept to a new core area with a 36 section land position in one year. Current production is estimated to be over 500 boe per day from four (4.0 net) wells. Based on drilling success Crew has an inventory in excess of 21 drilling locations identified on this liquids rich natural gas play. In the first quarter of 2008, Crew purchased a 100% interest in a 5.5 mmcf per day gas plant, associated pipeline infrastructure and approximately 100 boe per day of production. The acquisition of this facility is expected to reduce area operating costs by $0.77 per mcf. Crew plans to drill three to five wells in this area over the remainder of 2008 with a goal to expand the facility with continued drilling success.

Inga, British Columbia

Crew (WI - 100%) drilled a horizontal well at Inga with very encouraging results. This well is expected to be on production by the end of the second quarter at three to four mmcf per day. As a result of this success, Crew has identified eight 100% drilling locations in the area, three of which are expected to be drilled after spring break-up. Crew has also identified two Halfway Formation targets in this core area. This new production from Inga is expected to be processed through a Crew owned gas facility in the area.

EXPLORATION

Strachan, Alberta

At Strachan, Alberta Crew (WI - 15% bpo, 46.5% apo) plans to drill a 3,700 meter Leduc prospect. The licensing of this well is awaiting surface access approvals and is expected to spud in the fourth quarter of 2008. Successful wells in the area have produced ten to several hundred bcf of gas with corresponding high daily production rates. Crew has also purchased land on another Leduc reef anomaly and is in the process of obtaining a drilling license on this prospect.

West Brazeau, Alberta

Crew (WI - 37.5% to 100%) is targeting thrusted Belly River sandstone reservoirs on 30 sections of land the Company has accumulated at West Brazeau. Crew has drilled its first well on this prospect with positive log results. This well is awaiting completion and is analogous to offsetting wells producing up to 5.5 mmcf per day. Crew has identified up to 12 net drilling locations on this play.

Colt, British Columbia

Crew (100%) has assembled by way of Crown land acquisitions a five section block of land over a large foothills structure. This seismically defined feature has been interpreted to have 125 to 200 meters of structural closure over an area encompassing 2,200 acres. An offsetting well on a similar geophysical feature is currently producing 21 to 25 mmcf per day. Crew has identified three locations on this play with undiscovered conventional natural gas resource potential of over 120 bcf mapped with the primary target being the Mississippian Debolt formation.

EMERGING RESOURCE PLAYS

Septimus-Triassic Montney Play

Crew has significantly expanded its presence in this play with the April 14, 2008 announcement to acquire an additional 104 net sections of Montney rights in the general Septimus area of northeast British Columbia. Upon closing, Crew will own approximately 128 net sections of land in the area and has a farm-in commitment to earn an additional 27.5 net sections. Crew has drilled one (1.0 net) horizontal well that has been cased and awaits completion after spring break-up. The wellhead is approximately 50 meters from a pipeline and if successful, is expected to be tied-in shortly after the completion. Crew (WI – 33%) also participated in a vertical well to test the Montney at Tower, British Columbia. Both areas have been extremely competitive with more land posted for future Crown land sales.

With the latest acquisition, Crew will have quickly amassed a large land position on this emerging resource play. Crew will also gain priority access to three natural gas facilities and two gas gathering systems in the area which is becoming increasingly important in the development of this play.

To date, Crew has focused exclusively on the Upper Montney which is approximately 260 to 440 feet thick in the Greater Septimus area. Our technical team's analysis suggests the potential for significant natural gas resource on Crew owned lands. Wells in the immediate area have tested up to seven mmcf per day from the Upper Montney zone and appear to be correlative over a relatively large geographic area. Recent activity in the area suggests the Lower Montney may also be prospective with a vertical well on production less than one mile from Crew lands which initiated production at approximately 270 mcf per day and ten months later is producing 700 mcf per day. This zone can reach thicknesses of over 900 feet and is pervasive throughout the area and remains relatively unproven.

Horn River Basin/Cordova Embayment
Muskwa Devonian Shale Gas Play

Crew has 16 net sections of land on this shale gas play. The Muskwa Shale is approximately 500 feet thick and has gained a significant amount of attention since announcements by industry participants of their successful drilling and testing of the Muskwa Shale in the Horn River Basin. It was noted in one of those announcements that they attribute a resource of 265 to 318 bcf of natural gas per section on their lands in a specific geographic area. Their resource estimates were based on well test and petrophysical data derived from a drilling program targeting the Devonian aged Muskwa Shales in the area. A recent announcement by another industry participant of production rates of five to eight mmcf per day from three wells, two which directly offset Crew's lands, lends further support for the prospectivity of Crew's land base. The play is in its infancy but does appear to be prospective over a large area in a relatively homogeneous geologic environment.

Cautionary Statement – The information provided above includes references to discovered and undiscovered natural gas resources. There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resource.

OUTLOOK

Business Environment

Natural gas prices continue to rally but continue to trade at a significant discount to oil on an energy equivalency basis. Our view remains that long term natural gas fundamentals will continue to improve as we see an increase in North American industrial demand and the globalization of the commodity. There will be a strong drive by industry to capture opportunities related to large gas in place accumulations as technology continues to evolve and available land becomes scarce. We will continue to use funds from conventional oil and gas operations to finance our expansion into resource based assets that provide large gas in place opportunities and repeatable multi-year drilling programs.

Strong Production Growth and Solid Balance Sheet

Crew had an active first quarter spending $58 million on exploration, development and acquisition activities. At the end of the first quarter Crew has $138 million of net debt on a recently approved $210 million bank facility. With the success of our land acquisition program including the acquisition of 104 net undeveloped sections of Montney rights for $65 million, the Company has expanded its 2008 capital budget to a total of $215 million including an increase in the exploration and development budget to $150 million from the previously announced $120 million. The increased budget will be financed by a combination of the recently completed equity financing, strong projected 2008 funds from operations and if necessary drawings on the Company's bank facility.

Looking forward to the second quarter, gas processing facilities at Carrot Creek, Ferrier and Pine Creek in west central Alberta and the McMahon gas plant in northeast British Columbia are scheduled to be down for turnarounds for various periods during the quarter. This combined with a one month delay in production start-up from the Company's fourth quarter Hanlan discovery is expected to result in second quarter production approximating first quarter production. With current productive capacity of approximately 12,000 boe per day, Crew expects to maintain its production forecast average of 11,400 to 12,200 boe per day in 2008 which at the midpoint is a 36% increase in average production over 2007. This production growth represents a 47% compounded annual growth rate in production since the Company was formed in September, 2003.

Significant reserve and production potential

Crew has steadily grown production since our inception in September, 2003. We have increased production per share 244% and reserves per share 479% since we started operations. This has all been achieved by the acquisition, exploration and development of conventional reservoirs in Alberta and British Columbia. Technology is changing our business and how we look at value creation. It was only a few years ago, we thought it was impossible to produce commercial quantities of natural gas from shales. It is now being achieved with enormous success and scale. Crew is uniquely positioned to capture the benefits of this technological revolution. We have positioned the Company in two areas with proven resource potential to materially add reserves and production. We are excited about our future and look forward to reporting our progress in creating value for our shareholders in the second quarter report.

IN MEMORIAM

It is with great sorrow that we announce the passing of our good friend and Director of Crew, Fred C. Coles. Fred was a member of Crew's Board since our inception in 2003 and has contributed greatly to our success. His ever positive attitude and valuable guidance will be missed.

Management's Discussion and Analysis

ADVISORIES

Management's discussion and analysis ("MD&A") is the Company's explanation of its financial performance for the period covered by the financial statements along with an analysis of the Company's financial position. Comments relate to and should be read in conjunction with the unaudited consolidated financial statements of the Company for the three month periods ended March 31, 2008 and 2007 and the audited consolidated financial statements and Management Discussion and Analysis for the year ended December 31, 2007.

Forward Looking Statements

This MD&A contains forward-looking statements. Management's assessment of future plans and operations, capital expenditures, the timing of these expenditures and the method of funding thereof, available bank lines, production estimates, wells to be drilled, timing of drilling, tie-in and completion of wells and the production resulting therefrom, expected royalty rates, transportation costs and operating costs, and the taxability of the Company, may constitute forward-looking statements under applicable securities laws and necessarily involve risks including, without limitation, risks associated with oil and gas exploration, development, exploration, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, the timing and length of plant turnarounds and the impact of such turnarounds and the timing thereof, delays resulting from or inability to obtain required regulatory approvals and the ability to access sufficient capital from internal and external sources. As a consequence, the Company's actual results could differ materially from those expressed in, or implied by, the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the Company's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com), or at the Company's website (www.crewenergy.com). Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Conversions

The oil and gas industry commonly expresses production volumes and reserves on a "barrel of oil equivalent" basis ("boe") whereby natural gas volumes are converted at the ratio of six thousand cubic feet to one barrel of oil. The intention is to sum oil and natural gas measurement units into one basis for improved analysis of results and comparisons with other industry participants.

Throughout this MD&A, Crew has used the 6:1 boe measure which is the approximate energy equivalency of the two commodities at the burner tip. Boe does not represent a value equivalency at the plant gate which is where Crew sells its production volumes and therefore may be a misleading measure if used in isolation.

Non-GAAP Measures

Crew evaluates performance based on net income and funds from operations. Funds from operations is a measure not based on GAAP that is commonly used in the oil and gas industry. It represents cash provided by operating activities before changes in non-cash working capital, asset retirement expenditures and the transportation liability charge. The Company considers it a key measure as it demonstrates the ability of the business to generate the cash flow necessary to fund future growth through capital investment and to repay debt. Funds from operations should not be considered as an alternative to, or more meaningful than cash flow provided by operating activities as determined in accordance with GAAP as an indicator of the Company's performance. Crew's determination of funds from operations may not be comparable to that reported by other companies. Crew also presents funds from operations per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of income per share.

($ thousands)	Three months ended Mar. 31, 2008	Three months ended Mar. 31, 2007
Cash provided by operating activities	29,540	15,062
Asset retirement expenditures	308	10
Transportation liability charge	329	-
Change in non-cash working capital	(1,139)	1,915
Funds from operations	29,038	16,987

Management also uses operating netback, a non-GAAP term, to analyze operating performance and leverage. Netback equals total petroleum and natural gas sales less royalties, operating costs and transportation costs calculated on a boe basis.

RESULTS OF OPERATIONS

Production

	Three months ended March 31, 2008			Three months ended March 31, 2007		
	Oil and ngl (bbl/d)	Natural gas (mcf/d)	Total (boe/d)	Oil and ngl (bbl/d)	Natural gas (mcf/d)	Total (boe/d)
Plains Core	1,443	36,123	7,464	1,317	30,924	6,471
North Core	553	15,584	3,150	151	1,483	398
Total	1,996	51,707	10,614	1,468	32,407	6,869

First quarter 2008 production increased over the first quarter of 2007 as a result of a successful drilling program that added new natural gas liquid (“ngl”) rich natural gas production in the greater Edson, Alberta area including Edson, Pine Creek and Carrot Creek and the closing of a private company acquisition in May, 2007 with production primarily in the Company’s north core areas.

Revenue

	Three months ended Mar. 31, 2008	Three months ended Mar. 31, 2007
Revenue (thousands)		
Natural gas	38,543	22,581
Light oil and ngl	12,846	6,850
Total	51,389	29,431
Crew average prices		
Natural gas ($/mcf)	8.19	7.74
Light oil and ngl ($/bbl)	70.72	51.85
Oil equivalent ($/boe)	53.20	47.61
Benchmark pricing		
Natural Gas – AECO C daily index (Cdn $/mcf)	8.09	7.79
Oil and ngl – Light Sweet @ Edmonton (Cdn $/bbl)	97.61	67.07

Crew’s first quarter 2008 revenue increased 75% over the first quarter 2007 due to the increase in the Company’s production and an increase in average commodity prices.

The Company’s average natural gas price increased 5.8% in the first quarter of 2008 compared to the first quarter of 2007. The Company’s benchmark natural gas pricing increased 3.8% for the same period. This discrepancy was due to an increase in higher heat content natural gas being produced in the Edson area. The Company’s light oil and ngl price increased 36% in the first quarter of 2008 compared with the same period in 2007 while the Company’s benchmark pricing increased 45% for the same period. In 2008, the Company produced additional lower valued ethane in Ferrier, Alberta and Inga in British Columbia.

Royalties

($ thousands, except per boe)	Three months ended Mar. 31, 2008	Three months ended Mar. 31, 2007
Royalties	10,621	6,771
Per boe	11.00	10.95
Percentage of revenue	20.7%	23.0%

Royalties as a percentage of revenue decreased in the quarter compared to the same quarter of 2007 due to lower royalty rates on the assets acquired in the May, 2007 corporate acquisition. This decrease was partially offset by higher natural gas and ngl royalties on new production in Edson which attracts a higher royalty rate.

Financial Instruments

On occasion, the Company will enter into commodity price risk management contracts in order to reduce volatility in financial results, to protect acquisition economics and to ensure a certain level of cash flow to fund planned capital projects. Crew's strategy will focus on the use of natural gas price "puts" and costless "collars" to limit exposure to downturns in commodity prices, while allowing for participation in commodity price increases. The Company's financial derivative trading activities are conducted pursuant to the Company's Risk Management Policy approved by the Board of Directors.

For the quarter ended March 31, 2008, the Company realized a net loss from financial instruments of $0.1 million compared with no gains or losses in the same period of 2007 and incurred an unrealized loss from financial instruments of $5.2 million compared to no loss in the same period of 2007. As at March 31, 2008, the Company had entered into direct sales agreements to sell natural gas as follows:

	Volume (gj/day)	Term	Price (Cdn $/gj)	Floor (Cdn $/gj)	Ceiling (Cdn $/gj)	Fair Value ($ thousands)
AECO	10,000	April 1, 2008 – October 31, 2008	AECO C – Monthly Index	$7.00	$8.00	(2,423)
AECO	10,000	April 1, 2008 – October 31, 2008	AECO C – Daily Average	$7.00	$8.30	(2,226)
AECO	10,000	April 1, 2008 – October 31, 2008	AECO C – Monthly Index	$7.50	$9.25	(685)
AECO/Station 2 Differential Swap	10,000	November 1, 2007 – October 31, 2008	AECO C – Daily Average ess $0.16	-	-	(255)
						(5,589)

Operating Costs

($ thousands, except per boe)	Three months ended Mar. 31, 2008	Three months ended Mar. 31, 2007
Operating costs	6,673	3,744
Per boe	6.91	6.06

In the first quarter of 2008, the Company's operating costs per unit increased 14% over the same period in 2007 and was 5% over the Company's forecast as a result of higher than expected third party processing costs in the Viking and Ferrier areas of the Company's plains core area. In addition, increased fuel costs predominantly in the Sierra area in northeastern British Columbia negatively affected the Company's operating costs. With the higher than forecasted first quarter costs, the Company has revised its annual forecasted operating cost range to $6.50 to $6.90 per boe.

Transportation

($ thousands, except per boe)	Three months ended Mar. 31, 2008	Three months ended Mar. 31, 2007
Transportation costs	2,071	533
Per boe	2.14	0.86

The Company's increase in transportation costs and transportation costs per unit compared with 2007 is the result of the May, 2007 acquisition of a private company with natural gas production mainly in northeast British Columbia which has a higher transportation cost. In northeast British Columbia, natural gas is produced into a third party owned gathering and processing infrastructure that enables producers to avoid facility construction. The all-in regulated fees charged for gathering, processing and transmission of the Company's natural gas through this system is included in transportation expense.

Operating Netbacks

	Three months ended March 31, 2008			Three months ended March 31, 2007		
	Oil and ngl ($/bbl)	Natural gas ($/mcf)	Total ($/boe)	Oil and ngl ($/bbl)	Natural gas ($/mcf)	Total ($/boe)
Revenue	70.72	8.19	53.20	51.85	7.74	47.61
Royalties	(16.80)	(1.61)	(11.00)	(12.32)	(1.76)	(10.95)
Operating costs	(6.25)	(1.18)	(6.91)	(5.58)	(1.03)	(6.06)
Transportation costs	(0.62)	(0.42)	(2.14)	(1.17)	(0.13)	(0.86)
Operating netbacks	47.05	4.98	33.15	32.78	4.82	29.74

General and Administrative

($ thousands, except per boe)	Three months ended Mar. 31, 2008	Three months ended Mar. 31, 2007
Gross costs	2,634	1,891
Operator's recoveries	(548)	(575)
Capitalized costs	(1,043)	(658)
General and administrative expenses	1,043	658
Per boe	1.08	1.07

Increased general and administrative costs before recoveries and capitalization were the result of increased staff levels in the first quarter of 2008 compared to 2007. Net general and administrative costs per boe remained consistent with the same period in 2007 due to an increase in production. The Company expects general and administrative expenses to average between $1.00 and $1.05 per boe for the year with higher amounts incurred in the first half of the year due to the payment of annual costs of regulatory filings.

Interest

($ thousands, except per boe)	Three months ended Mar. 31, 2008	Three months ended Mar. 31, 2007
Interest expense	1,855	738
Average debt level	105,466	48,835
Effective interest rate	7.1%	6.1%
Per boe	1.92	1.19

In 2008, higher effective interest rates combined with higher average debt levels due to debt financing of a portion of the Company's May, 2007 corporate acquisition and its 2008 exploration and development program have increased the Company's interest expense. Crew's corporate effective interest rate increased in 2008 compared with 2007 due to an increase in the Company's borrowing margins due to the higher debt levels and the amortization of financing fees incurred in May, 2007 when a new credit facility was arranged.

Stock-Based Compensation

($ thousands)	Three months ended Mar. 31, 2008	Three months ended Mar. 31, 2007
Gross costs	1,708	966
Capitalized costs	(854)	(483)
Total stock-based compensation	854	483

The Company's stock-based compensation expense has increased in 2008 as a result of increased staff levels and the issuance of additional stock options throughout 2007 and in early 2008.

Depletion, Depreciation and Accretion

($ thousands, except per boe)	Three months ended Mar. 31, 2008	Three months ended Mar. 31, 2007
Depletion, depreciation and accretion	22,640	14,850
Per boe	23.44	24.02

Per unit depletion has decreased in the first quarter of 2008 due to a successful drilling program adding low cost reserves in Inga and Septimus, British Columbia in the Company's north core and Ferrier and Edson, Alberta in the plains core. These low cost reserve additions were partially offset by an increase in the per boe depletion rate due to the acquisition of a gas plant and associated pipeline infrastructure in the first quarter of 2008.

Future Income Taxes

The provision for future income taxes was a recovery of $0.6 million in the first quarter of 2008 compared to an expense of $0.3 million in the same period of 2007. The decrease in future taxes was a result of lower pre-tax earnings along with a corporate rate reduction in British Columbia from 12 percent to 11.5 percent in 2008 and a further reduction to 11 percent in 2009.

Cash and Funds from Operations and Net Income

($ thousands, except per share amounts)	Three months ended Mar. 31, 2008	Three months ended Mar. 31, 2007
Cash provided by operating activities	29,540	15,062
Funds from operations	29,038	16,987
Per share - basic	0.54	0.41
- diluted	0.54	0.41
Net income	941	1,319
Per share - basic	0.02	0.03
- diluted	0.02	0.03

The first quarter 2008 increase in cash provided by operations and funds from operations was the result of the increased production levels and increased commodity pricing partially offset by higher operating and transportation costs for the quarter. Net income was also negatively impacted by a $5.2 million unrealized loss on financial instruments.

Capital Expenditures and Acquisitions

During the first quarter, the Company drilled a total of 12 (9.8 net) wells resulting in 11 (8.8 net) natural gas wells and 1 (1.0 net) oil well. In addition, the Company also completed 6 (6.0 net) wells and spent $17.9 million acquiring land adding to its inventory of undeveloped land primarily in northeast British Columbia and in the greater Edson area. In the first quarter of 2008, the Company closed an acquisition of a gas plant, pipeline infrastructure and associated production in the greater Edson area.

Total capital expenditures for the first quarter of 2008 were $57.7 million compared to $34.4 million for the same period in 2007. The expenditures are detailed below:

($ thousands)	Three months ended March 31, 2008	Three months ended March 31, 2007
Land	17,864	3,155
Seismic	1,122	692
Drilling and completions	22,656	22,052
Facilities, equipment and pipelines	6,347	7,695
Other	1,113	725
Total exploration and development	49,102	34,319
Property acquisitions	8,646	61
Total	57,748	34,380

As a result of the large drilling inventory added from the undeveloped land acquisition and bought deal financing announced on April 14, 2008, the Company has increased its 2008 exploration and development budget to $150 million from $120 million.

Liquidity and Capital Resources

Capital Funding

Funding for the Company's first quarter 2008 capital expenditure program came from a combination of bank debt and cash flow from on-going operations.

On April 14, 2008 Crew announced that it has entered into an agreement to acquire approximately 104 net sections of Montney formation rights in northeast British Columbia for $65 million. This acquisition is scheduled to close on or about May 15, 2008. Crew also announced on the same date that it had entered into an agreement with a syndicate of underwriters to issue, on a bought deal basis, 5,000,000 common shares at a price of $13.35 per common shares for net proceeds of $63.4 million. This financing closed on May 1, 2008.

The Company currently has a credit facility with a syndicate of banks. The Company's bank facility consists of a revolving line of credit of $195 million and an operating line of credit of $15 million (the "Facility"). The Facility revolves for a 364 day period and will be subject to its next 364 day extension by June 15, 2009. If not extended, the Facility will cease to revolve, and all outstanding balances under the Facility will become payable within one year. At March 31, 2008, the Company had drawings of $124.1 million on the Facility.

The Company will continue to fund its on-going operations from a combination of cash flow, debt, and equity financings as needed. As the majority of our on-going capital expenditure program is directed to the further growth of reserves and production volumes, Crew is readily able to adjust its budgeted capital expenditures should the need arise.

Working Capital

The capital intensive nature of Crew's activities generally results in the Company carrying a working capital deficit. However, the Company maintains sufficient unused bank credit lines to satisfy such working capital deficiencies. At March 31, 2008, the Company's working capital deficiency totaled $14.2 million which, when combined with the drawings on its bank line, represented 66% of its current bank facility.

Share Capital

On October 25, 2007, the Company closed a public offering resulting in the issuance of 6,042,360 shares for aggregate proceeds of $54.5 million ($51.5 million net of issue costs). Of the shares issued, 1,860,500 shares were issued on a flow through basis in which the Company committed to renounce to the purchasers certain Canadian income tax deductions totalling $20.0 million. At March 31, 2008, the Company had renounced all required income tax deductions and had incurred $8.8 million of qualifying expenditures under this flow through offering with $11.2 million to be incurred before December 31, 2008.

As at May 8, 2008, Crew had 58,793,319 Common Shares and 4,348,800 options to acquire Common Shares of the Company issued and outstanding.

Capital Structure

The Company considers its capital structure to include working capital, bank debt, and shareholders' equity. The Company monitors capital based on the ratio of net debt to annualized funds from operations. The ratio represents the time period it would take to pay off the debt if no further capital expenditures were incurred and if funds from operations remained constant. This ratio is calculated as net debt, defined as outstanding bank debt plus or minus net working capital, divided by funds from operations for the most recent calendar quarter, annualized (multiplied by four). The Company's strategy is to maintain a ratio of no more than 2 to 1.

($ thousands, except ratio)	**March 31, 2008**	December 31, 2007
Net debt	**138,367**	109,671
Funds from operations	**29,038**	22,390
Annualized	**116,152**	89,560
Net debt to annualized funds from operations ratio	**1.19**	1.22

Contractual Obligations

Throughout the course of its ongoing business, the Company enters into various contractual obligations such as credit agreements, purchase of services, royalty agreements, operating agreements, processing agreements, right of way agreements and lease obligations for office space and automotive equipment. All such contractual obligations reflect market conditions prevailing at the time of contract and none are with related parties. The Company believes it has adequate sources of capital to fund all contractual obligations as they come due. The following table lists the Company's obligations with a fixed term.

($ thousands)	Total	2008	2009	2010	2011
Bank Loan (note 1)	124,143	-	-	124,143	-
Operating Leases	3,465	743	990	990	742
Capital commitments	13,000	9,000	4,000	-	-
Exploration and development	11,224	11,224	-	-	-
Firm transportation agreements	25,883	5,036	7,026	7,243	6,578
Total	177,715	26,003	12,016	132,376	7,320

Note 1 – Based on the existing terms of the Company's bank facility the first possible repayment date may come in 2010. However, it is expected that the revolving bank facility will be extended and no repayment will be required in the near term.

The exploration and development commitment relates to the Company's obligation under its October 25, 2007 flow-through share issue.

The firm transportation commitments were acquired as part of the Company's May, 2007 private company acquisition and represent firm service commitments for transportation and processing of natural gas in British Columbia.

Guidance

Crew had an active first quarter spending $58 million on exploration, development and acquisition activities. At the end of the first quarter Crew has $138 million of net debt on a recently approved $210 million bank facility. With the success of our land acquisition program including the acquisition of a 104 net undeveloped sections of Montney rights for $65 million, the Company has expanded its 2008 capital budget to a total of $215 million including an increase in the exploration and development budget to $150 million from the previously announced $120 million. The increased budget will be financed by a combination of the recently completed equity financing, strong projected 2008 funds from operations and if necessary drawings on the Company's bank facility.

Looking forward to the second quarter, gas processing facilities at Carrot Creek, Ferrier and Pine Creek in west central Alberta and the McMahon gas plant in northeast British Columbia are scheduled to be down for turnarounds for various periods during the quarter. This combined with a one month delay in production start-up from the Company's fourth quarter Hanlan discovery is expected to result in second quarter production approximating first quarter production. With current productive capacity of approximately 12,000 boe per day, Crew expects to maintain its production forecast average of 11,400 to 12,200 boe per day in 2008 which at the midpoint is a 36% increase in average production over 2007. This production growth represents a 47% compounded annual growth rate in production since the Company was formed in September, 2003.

Additional Disclosures

Quarterly Analysis

The following table summarizes Crew's key quarterly financial results for the past eight financial quarters:

($ thousands, except per share amounts)	Mar. 31 2008	Dec. 31 2007	Sept. 30 2007	June 30 2007	Mar. 31 2007	Dec. 31 2006	Sept. 30 2006	June 30 2006
Total daily production (boe/d)	10,614	9,641	9,268	8,967	6,869	6,227	5,768	5,049
Average wellhead price ($/boe)	53.20	43.90	39.16	47.43	47.61	46.41	41.96	41.71
Petroleum and natural gas sales	51,389	38,942	33,390	38,703	29,431	26,590	22,267	19,164
Cash provided by operations	29,540	11,882	23,035	24,467	15,016	16,522	11,984	13,167
Funds from operations	29,038	22,390	21,171	20,885	16,987	16,705	14,245	10,645
Per share – basic	0.54	0.43	0.45	0.46	0.41	0.43	0.41	0.32
– diluted	0.54	0.43	0.44	0.46	0.41	0.43	0.40	0.31
Net income (loss)	941	6,889	(449)	1,351	1,319	1,796	1,633	3,753
Per share – basic	0.02	0.13	(0.01)	0.03	0.03	0.05	0.05	0.11
– diluted	0.02	0.13	(0.01)	0.03	0.03	0.05	0.05	0.11

Crew's petroleum and natural gas sales, cash and funds from operations and net income are all impacted by production levels and volatile commodity pricing. From 2006 to 2008, despite increasing production, these performance measures have fluctuated as a result of volatile natural gas prices combined with the escalating cost of operations.

Significant factors and trends that have impacted the Company's results during the above periods include:

- Revenue is directly impacted by the Company's ability to replace existing declining production and add incremental production through its on-going capital expenditure program.
- In May, 2007, the Company acquired a private oil and gas company with approximately 3,100 boe per day of production at closing, consisting mainly of natural gas in the northeastern British Columbia area.
- In November, 2006 the Company acquired a private oil and gas company with approximately 1,000 boe per day of production at closing.
- Production in the third and fourth quarter of 2007 was reduced by facility outages at Sierra in northeastern British Columbia and Edson and Ferrier, Alberta.
- Revenue and royalties are significantly impacted by underlying commodity prices. Prior to March 31, 2008, the Company had used a limited amount of derivative contracts or forward sales contracts to reduce the exposure to commodity price fluctuations.
- The Company's operating costs and capital expenditures have been subject to inflationary pressures brought on by increasing demand for services and supplies within the Canadian oil and gas industry.

- In the second quarter of 2006, the fourth quarter of 2007 and the first quarter of 2008, Crew had future tax recoveries which positively affected net income due to Canadian federal and provincial tax rate reductions.
- In the first quarter of 2008, the Company had a $5.2 million unrealized loss on financial instruments primarily relating to contracts covering the period of April 1, 2008 to October 31, 2008.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Crew's Chief Executive Officer and Chief Financial Officer are required to cause the Company to disclose herein any change in Crew's disclosure controls and procedures and internal controls over financial reporting that occurred during the Company's most recent interim period that has materially affected, or is reasonably likely to materially affect the Company's internal controls over financial reporting. No material changes in Crew's disclosure controls and procedures and internal controls over financial reporting were identified during the three months ended March 31, 2008 that have materially affected, or are reasonably likely to materially affect the Company's internal controls over financial reporting.

New Accounting Pronouncements

Financial Instruments

On January 1, 2008, the Company adopted CICA Handbook Section 3862, "Financial Instruments – Disclosures", and Section 3863, "Financial Instruments – Presentation". Section 3862 and 3863 establish standards for the presentation and disclosure of information that enable users to evaluate the significance of financial instruments to the entity's financial position, and the nature and extent of risks arising from financial instruments and how the entity manages these risks. The implementation of these standards did not impact the Company's financial results, however it did result in additional disclosure presented in note 8 of the Company's notes to the consolidated financial statements.

Capital Disclosures

On January 1, 2008, the Company adopted CICA Handbook Section 1535 "Capital Disclosures". Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. This section specifies disclosure about objectives, policies and processes for managing capital, quantitative data about what an entity regards as capital, whether an entity has complied with all capital requirements, and if it has not complied, the consequences of such non-compliances. The implementation of this standard did not impact the Company's financial results, however it did result in additional disclosure presented in note 9 of the Company's notes to the consolidated financial statements.

Goodwill

As of January 1, 2009, Crew will be required to adopt CICA Handbook Section 3064 "Goodwill and Intangible Assets", which defines the criteria for the recognition of intangible assets.

Convergence with International Reporting Standards

On February 13, 2008, Canada's Accounting Standards Board confirmed January 1, 2011 as the effective date for the convergence of Canadian GAAP to International Financial Reporting Standards. The Canadian Securities Administrators are in the process of examining the changes to securities rules as a result of this initiative. Crew continues to monitor and assess the impact of these convergence efforts.

Dated as of May 8, 2008

Cautionary Statement

This press release contains forward-looking statements relating to Management's approach to operations, expectations relating to the number of wells, amount and timing of capital projects, Company production, commodity prices in Canada, royalties, operating costs, transportation costs, general and administrative costs and cash flow. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable by Crew at the time of preparation, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. Such factors include, but are not limited to: general economic, market and business conditions; industry capacity; competitive action by other companies; fluctuations in oil and gas prices; the ability to produce and transport crude oil and natural gas to markets; the result of exploration and development drilling and related activities; fluctuation in foreign currency exchange rates; the imprecision of reserve estimates; the ability of suppliers to meet commitments; actions by governmental authorities including increases in taxes; decisions or approvals of administrative tribunals; change in environmental and other regulations; risks associated with oil and gas operations; the weather in the Company's areas of operations; and other factors, many of which are beyond the control of the Company. There is no representation by Crew that actual results achieved during the forecast period will be the same in whole or in part as that forecast.

Crew is an oil and gas exploration and production company whose shares are traded on The Toronto Stock Exchange under the trading symbol "CR".

Financial statements for the three month periods ended March 31, 2008 and 2007 are attached.

FOR DETAILED INFORMATION, PLEASE CONTACT:

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CREW ENERGY INC.
Consolidated Balance Sheets
(unaudited)
(thousands)

		March 31, 2008		December 31, 2007
Assets				
Current Assets:				
Accounts receivable	$	**34,922**	$	28,588
Future income taxes		**1,447**		-
		36,369		28,588
Property, plant and equipment (note 3)		**589,919**		552,805
Goodwill		**20,800**		20,800
	$	**647,088**	$	602,193
Liabilities and Shareholders' Equity				
Current Liabilities:				
Accounts payable and accrued liabilities	$	**49,146**	$	43,231
Fair value of financial instruments (note 8)		**5,589**		423
Current portion of other long-term obligations (note 5)		**1,313**		1,313
		56,048		44,967
Bank loan (note 4)		**124,143**		95,028
Other long-term obligations (note 5)		**2,430**		2,759
Asset retirement obligations (note 6)		**19,212**		18,668
Future income taxes		**83,425**		77,045
Shareholders' Equity				
Share capital (note 7)		**293,855**		298,129
Contributed surplus (note 7)		**11,994**		10,557
Retained earnings		**55,981**		55,040
		361,830		363,726
Commitments (note 11)				
Subsequent events (note 12)				
	$	**647,088**	$	602,193

See accompanying notes to the consolidated financial statements.

CREW ENERGY INC.
Consolidated Statements of Operations, Comprehensive Income and Retained Earnings
(unaudited)
(thousands, except per share amounts)

		Three months ended March 31, 2008		Three months ended March 31, 2007
Revenue				
Petroleum and natural gas sales	$	**51,389**	$	29,431
Royalties		**(10,621)**		(6,771)
Loss on financial instruments (note 8)		**(5,254)**		-
		35,514		22,660
Expenses				
Operating		**6,673**		3,744
Transportation		**2,071**		533
Interest		**1,855**		738
General and administrative		**1,043**		658
Stock-based compensation		**854**		483
Depletion, depreciation and accretion		**22,640**		14,850
		35,136		21,006
Income before income taxes		**378**		1,654
Future income taxes (reduction)		**(563)**		335
Net income and comprehensive income		**941**		1,319
Retained earnings, beginning of period		**55,040**		45,930
Retained earnings, end of period	$	**55,981**	$	47,249
Net income per share (note 7(d))				
Basic	$	**0.02**	$	0.03
Diluted	$	**0.02**	$	0.03

See accompanying notes to the consolidated financial statements.

CREW ENERGY INC.
Consolidated Statements of Cash Flows
(unaudited)
(thousands)

	Three months ended March 31, 2008	Three months ended March 31, 2007
Cash provided by (used in):		
Operating activities:		
Net income	**$ 941**	$ 1,319
Items not involving cash:		
Depletion, depreciation and accretion	**22,640**	14,850
Stock-based compensation	**854**	483
Future income taxes (reduction)	**(563)**	335
Unrealized loss on financial instruments	**5,166**	-
Transportation liability charge (note 5)	**(329)**	-
Asset retirement expenditures	**(308)**	(10)
Change in non-cash working capital (note 10)	**1,139**	(1,915)
	29,540	15,062
Financing activities:		
Increase in bank loan	**29,115**	28,534
Issue of common shares	**665**	48
Share issue costs	**(14)**	-
	29,766	28,582
Investing activities:		
Exploration and development	**(49,102)**	(34,319)
Property acquisitions	**(8,646)**	(61)
Change in non-cash working capital (note 10)	**(1,558)**	(9,264)
	(59,306)	(43,644)
Change in cash and cash equivalents	**--**	--
Cash and cash equivalents, beginning of period	**--**	--
Cash and cash equivalents, end of period	**$ --**	$ --

See accompanying notes to the consolidated financial statements.

CREW ENERGY INC.
Notes to Consolidated Financial Statements
For the three months ended March 31, 2008 and 2007
(Unaudited)
(Tabular amounts in thousands)

1. Significant accounting policies:

The interim consolidated financial statements of Crew Energy Inc. ("Crew" or the "Company") have been prepared by management in accordance with accounting principles generally accepted in Canada. The interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statements for the year ended December 31, 2007, except as disclosed below. The disclosure which follows is incremental to the disclosure included with the December 31, 2007 consolidated financial statements. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2007.

Certain comparative amounts have been reclassified to conform to current period presentation.

2. Change in accounting policy:

Financial Instruments

On January 1, 2008, the Company adopted CICA Handbook Section 3862, "Financial Instruments – Disclosures", and Section 3863, "Financial Instruments – Presentation". Section 3862 and 3863 establish standards for the presentation and disclosure of information that enable users to evaluate the significance of financial instruments to the entity's financial position, and the nature and extent of risks arising from financial instruments and how the entity manages these risks. The implementation of these standards did not impact the Company's financial results, however it did result in additional disclosure presented in note 8.

Capital Disclosures

On January 1, 2008, the Company adopted CICA Handbook Section 1535 "Capital Disclosures". Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. This section specifies disclosure about objectives, policies and processes for managing capital, quantitative data about what an entity regards as capital, whether an entity has complied with all capital requirements, and if it has not complied, the consequences of such non-compliances. The implementation of this standard did not impact the Company's financial results, however it did result in additional disclosure presented in note 9.

New Accounting Pronouncements

Goodwill

As of January 1, 2009, Crew will be required to adopt CICA Handbook Section 3064 "Goodwill and Intangible Assets", which defines the criteria for the recognition of intangible assets.

Convergence with International Reporting Standards

On February 13, 2008, Canada's Accounting Standards Board confirmed January 1, 2011 as the effective date for the convergence of Canadian GAAP to International Financial Reporting Standards. The Canadian Securities Administrators are in the process of examining the changes to securities rules as a result of this initiative. Crew continues to monitor and assess the impact of these convergence efforts.

3. Property, plant and equipment:

March 31, 2008		**Cost**		**Accumulated depletion and depreciation**		**Net book value**
Petroleum and natural gas properties and equipment	**$**	**757,632**	**$**	**167,713**	**$**	**589,919**

December 31, 2007		Cost		Accumulated depletion and depreciation		Net book value
Petroleum and natural gas properties and equipment	$	698,251	$	145,446	$	552,805

The cost of unproved properties at March 31, 2008 of $54,883,000 (2007 - $28,058,000) was excluded from the depletion calculation. Estimated future development costs associated with the development of the Company's proved reserves of $28,594,000 (2007 - $16,806,000) have been included in the depletion calculation and estimated salvage values of $24,771,000 (2007 - $16,263,000) have been excluded from the depletion calculation.

The following corporate expenses related to exploration and development activities were capitalized.

	Three months ended March 31, 2008	Year ended December 31, 2007
General and administrative expense	**$ 1,043**	$ 3,331
Stock-based compensation expense, including future income taxes	**1,154**	3,624
	$ 2,197	$ 6,955

4. Bank loan:

The Company's bank facility consists of a revolving line of credit of $195 million and an operating line of credit of $15 million (the "Facility"). The Facility revolves for a 364 day period and will be subject to its next 364 day extension by June 15, 2009. If not extended, the Facility will cease to revolve, the margins there under will increase by 0.25 per cent and all outstanding advances there under will become repayable in one year.

Advances under the Facility are available by way of prime rate loans with interest rates of up to 0.75 per cent over the bank's prime lending rate and bankers' acceptances and LIBOR loans which are subject to stamping fees and margins ranging from 0.95 per cent to 1.75 per cent depending upon the debt to EBITDA ratio of the Company calculated at the Company's previous quarter end. As at March 31, 2008, the Company's applicable pricing included a 0.10 percent margin on prime lending and a 1.1 percent stamping fee and margin on Bankers' Acceptances and LIBOR loans. The facility is secured by a first floating charge debenture over the Company's consolidated assets. The effective interest rate on the Company's borrowings under its bank facility for the period ended March 31, 2008 was 5.7% (March 31, 2007 – 5.7%).

5. Other long-term obligations:

As part of the May, 2007 private company acquisition, the Company acquired several firm transportation agreements. These agreements had a fair value at the time of the acquisition of a $4.9 million liability. This amount was accounted for as part of the acquisition cost and will be charged as a reduction to transportation expenses over the life of the contracts as they are incurred. The last of these contracts expires in October 2011. The charge for the three months ended March 31, 2008 was $0.3 million.

6. Asset retirement obligations:

Total future asset retirement obligations were determined by management and were based on Crew's net ownership interest, the estimated future costs to reclaim and abandon the wells and facilities and the estimated timing of when the costs will be incurred. Crew estimated the net present value of its total asset retirement obligation as at March 31, 2008 to be $19,212,000 (December 31, 2007 - $18,668,000) based on a total future liability of $36,875,000 (December 31, 2007 - $35,166,000). These payments are expected to be made over the next 49 years. An 8% (2007 – 8%) credit adjusted risk free discount rate and 2% (2007 – 2%) inflation rate were used to calculate the present value of the asset retirement obligation.

The following table reconciles Crew's asset retirement obligations:

	Three months ended March 31, 2008	Year ended December 31, 2007
Carrying amount, beginning of period	**$ 18,668**	$ 10,485
Liabilities incurred	**406**	845
Liabilities acquired	**73**	6,646
Accretion expense	**373**	929
Liabilities settled	**(308)**	(237)
Carrying amount, end of period	**$ 19,212**	$18,668

7. Share capital:

(a) Common Shares:

	Number of shares	Amount
Common shares, December 31, 2007	53,577	$ 298,129
Exercise of stock options	99	665
Stock-based compensation	-	271
Flow through share future income tax adjustment on 2007 issuance	-	(5,200)
Share issue costs, net of future income taxes of $4	-	(10)
Common shares, March 31, 2008	**53,676**	**$ 293,855**

On October 25, 2007, the Company closed a public offering resulting in the issuance of 6,042,360 shares for aggregate proceeds of $54.5 million ($51.5 million net of issue costs). Of the shares issued, 1,860,500 shares were issued on a flow through basis in which the Company committed to renounce to the purchasers certain Canadian income tax deductions totalling $20.0 million. At March 31, 2008, the Company had renounced all required income tax deductions and had incurred $8.8 million of qualifying expenditures under this flow through offering leaving $11.2 million remaining to be incurred on or before December 31, 2008.

7. Share capital (continued):

(b) Contributed Surplus:

	Amount
Contributed surplus, December 31, 2007	$ 10,557
Stock-based compensation	1,708
Conversion of stock options	(271)
Contributed surplus, March 31, 2008	**$ 11,994**

(c) Stock-based compensation:

The Company measures compensation costs associated with stock-based compensation using the fair market value method under which the cost is recognized over the vesting period of the underlying security. The fair value of each stock option is determined at each grant date using the Black-Scholes model with the following weighted average assumptions used for options granted during the three month period ended March 31, 2008: risk free interest rate 4.17% (2007 – 4.08%), expected life 4 years (2007 – 4 years), volatility 45% (2007 – 45%), and an expected dividend of nil (2006 – nil). The Company has not incorporated an estimated forfeiture rate for stock options that will not vest rather the Company accounts for actual forfeitures as they occur.

During the first three months of 2008, the Company recorded $1,708,000, (2007 - $966,000) of stock-based compensation expense related to the stock options, of which $854,000 (2007 - $483,000) was capitalized in accordance with the Company's full cost accounting policy. As stock-based compensation is non-deductible for income tax purposes, a future income tax liability of $300,000 (2007 - $205,000) associated with the current year's capitalized stock-based compensation has been recorded.

(i) Stock options

The average fair value of the stock options granted during the three months ended March 31, 2008, as calculated by the Black-Scholes method, was $2.99 per option (2007 - $4.80).

	Number of Options	Price Range	Weighted average exercise price
Balance December 31, 2007	3,271	$4.70 to $17.80	$11.41
Granted	1,910	$7.23 to $12.72	$7.43
Exercised	(99)	$4.70 to $8.25	$6.72
Forfeited	(300)	$7.23 to $17.80	$13.06
Cancelled	(444)	$17.73 to $17.80	$17.75
Balance March 31, 2008	4,338	$7.23 to $12.72	$9.00

At March 31, 2008, 558,000 options were exercisable at a weighted average price of $10.25.

(d) Per share amounts:

Per share amounts have been calculated on the weighted average number of shares outstanding. The weighted average shares outstanding for the three month period ended March 31, 2008 was 53,627,000 (March 31, 2007 – 41,442,000).

7. Share capital (continued):

In computing diluted earnings per share for the three month period ended March 31, 2008, 163,000 (March 31, 2007 – 380,000) shares were added to the weighted average number of common shares outstanding for the dilution added by the stock options. There were 2,455,000 (March 31, 2007 – 3,228,000) stock options that were not included in the diluted earnings per share calculation because they were anti-dilutive.

8. Financial Instruments:

Overview

The Company has exposure to credit, liquidity and market risks from its use of financial instruments. This note provides information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from petroleum and natural gas marketers and joint venture partners.

Substantially all of the Company's petroleum and natural gas production is marketed under standard industry terms. Receivables from petroleum and natural gas marketers are normally collected on the 25th day of the month following production. The Company's policy to mitigate credit risk associated with these balances is to establish marketing relationships with large credit worthy purchasers and to sell through multiple purchasers. The Company historically has not experienced any collection issues with its petroleum and natural gas marketers. Joint venture receivables are typically collected within one to three months of the joint venture bill being issued to the partner. The Company attempts to mitigate the risk from joint venture receivables by obtaining partner approval of significant capital expenditures prior to the expenditure. However, the receivables are from participants in the petroleum and natural gas sector, and collection of the outstanding balances can be impacted by industry factors such as commodity price fluctuations, limited capital availability and unsuccessful drilling programs. The Company does not typically obtain collateral from petroleum and natural gas marketers or joint venture partners; however the Company does have the ability in most cases to withhold production from joint venture partners in the event of non-payment.

The carrying amount of accounts receivable represents the maximum credit exposure. As at March 31, 2008 the Company's receivables consisted of $18.4 million of receivables from petroleum and natural gas marketers which has subsequently been collected, $12.2 million from joint venture partners of which $2.3 million has been subsequently collected, and $4.3 million of Crown deposits and prepaids. The Company does not have an allowance for doubtful accounts as at March 31, 2008 and did not provide for any doubtful accounts nor was it required to write-off any receivables during the period ended March 31, 2008. The Company does not consider any receivables to be past due.

8. Financial instruments (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with the financial liabilities. The Company's financial liabilities consist of accounts payable, financial instruments and bank debt. Accounts payable consists of invoices payable to trade suppliers for office, field operating activities and capital expenditures. The Company processes invoices within a normal payment period. Accounts payable and financial instruments have contractual maturities of less than one year. The Company maintains a revolving credit facility, as outlined in note 4, that is reviewed semi-annually by the lenders and has a contractual maturity in 2010. The Company also maintains and monitors a certain level of cash flow which is used to partially finance all operating and capital expenditures as the Company does not pay dividends.

(c) Market risk:

Market risk is the risk that changes in market conditions, such as commodity prices, interest rates, and foreign exchange rates, will affect the Company's net income or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing the Company's returns.

The Company utilizes both financial derivatives and physical delivery sales contracts to manage market risks. All such transactions are conducted in accordance with the Company's risk management policy that has been approved by the Board of Directors.

(i) Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted by not only the relationship between the Canadian and United States dollar, as outlined below, but also global economic events that dictate the levels of supply and demand. The Company has attempted to mitigate a portion of the commodity price risk through the use of various financial derivative and physical delivery sales contracts. The Company's policy is to enter into commodity price contracts when considered appropriate to a maximum of 50% of forecasted production volumes. The Company's contracts in place as of March 31, 2008 are as follows:

	Volume (gj/day)	Term	Price (Cdn $/gj)	Floor (Cdn $/gj)	Ceiling (Cdn $/gj)
AECO	10,000	April 1, 2008–October 31, 2008	AECO C Monthly Index	$7.00	$8.00
AECO	10,000	April 1, 2008–October 31, 2008	AECO Daily Average	$7.00	$8.30
AECO	10,000	April 1, 2008–October 31, 2008	AECO C Monthly Index	$7.50	$9.25
AECO/Station 2 Differential Swap	10,000	November 1, 2007–October 31, 2008	AECO C less $0.16	-	-

8. Financial instruments (continued):

Derivatives are recorded on the balance sheet at fair value at each reporting period with the change in fair value being recognized as an unrealized gain or loss on the consolidated statement of operations, comprehensive income and retained earnings. These contracts had the following reflected in the consolidated statement of operations, comprehensive income and retained earnings:

	Three months ended March 31, 2008	Three months ended March 31, 2007
Realized loss on financial instruments	**$ 88**	$ -
Unrealized loss on financial instruments	**5,166**	-
	$ 5,254	$ -

As at March 31, 2008, a $0.10 change to the price per thousand cubic feet of natural gas on the costless collars would have a $0.5 million impact on net income.

(ii) Foreign currency exchange rate risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. All of the Company's petroleum and natural gas sales are conducted in Canada and are denominated in Canadian dollars. Canadian commodity prices are influenced by fluctuations in the Canadian to U.S. dollar exchange rate. The Company had no forward exchange rate contracts in place as at or during the period ended March 31, 2008.

(iii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate fluctuations on its bank debt which bears a floating rate of interest. As at March 31, 2008, a 100 basis points change to the effective interest rate would have a $0.2 million impact on net income (2007 - $0.1 million). The sensitivity is higher in 2008 as compared to 2007 because of an increase in outstanding bank debt. The Company had no interest rate swap or financial contracts in place as at or during the period ended March 31, 2008.

Fair value of financial instruments

The Company's financial instruments as at March 31, 2008 and December 31, 2007 include accounts receivable, derivative contracts, accounts payable and accrued liabilities, and bank debt. The fair value of accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to their short-terms to maturity.

The fair value of derivative contracts is determined by discounting the difference between the contracted price and published forward price curves as at the balance sheet date, using the remaining contracted petroleum and natural gas volumes.

Bank debt bears interest at a floating market rate and accordingly the fair market value approximates the carrying value.

9. Capital management:

The Company's objective when managing capital is to maintain a flexible capital structure which will allow it to execute on its capital expenditure program, which includes expenditures on oil and gas activities which may or may not be successful. Therefore, the Company monitors the level of risk incurred in its capital expenditures to balance the proportion of debt and equity in its capital structure.

The Company considers its capital structure to include working capital, bank debt, and shareholders' equity. The Company monitors capital based on the ratio of net debt to annualized funds from operations. The ratio represents the time period it would take to pay off the debt if no further capital expenditures were incurred and if funds from operations remained constant. This ratio is calculated as net debt, defined as outstanding bank debt plus or minus net working capital, divided by funds from operations for the most recent calendar quarter, annualized (multiplied by four). The Company's strategy is to maintain a ratio of no more than 2 to 1. This ratio may increase at certain times as a result of acquisitions or very low commodity prices. As at March 31, 2008, the Company's ratio of net debt to annualized funds from operations was 1.19 to 1 (December 31, 2007 – 1.22 to 1), which is within the range established by the Company.

	March 31, 2008	December 31, 2007
Net debt:		
Accounts receivable	**$ 34,922**	$ 28,588
Accounts payable and accrued liabilities	**(49,146)**	(43,231)
Working capital deficiency	**$ (14,224)**	$ (14,643)
Bank loan	**(124,143)**	(95,028)
Net debt	**$ (138,367)**	$ (109,671)
Annualized funds from operations:		
Cash provided by operating activities	**$ 29,540**	$ 11,882
Asset retirement expenditures	**308**	205
Transportation liability charge	**329**	313
Change in non-cash working capital	**(1,139)**	9,990
Funds from operations	**29,038**	22,390
Annualized	**$ 116,152**	$ 89,560
Net debt to annualized funds from operations	**1.19**	1.22

In order to facilitate the management of this ratio, the Company prepares annual funds from operations and capital expenditure budgets, which are updated as necessary, and are reviewed and periodically approved by the Company's Board of Directors.

The Company manages its capital structure and makes adjustments by continually monitoring its business conditions, including; the current economic conditions; the risk characteristics of the Company's petroleum and natural gas assets; the depth of its investment opportunities; current and forecasted net debt levels; current and forecasted commodity prices; and other facts that influence commodity prices and funds from operations, such as quality and basis differential, royalties, operating costs and transportation costs.

9. Capital management (continued):

In order to maintain or adjust the capital structure, the Company will consider; its forecasted ratio of net debt to forecasted funds from operations while attempting to finance an acceptable capital expenditure program including acquisition opportunities; the current level of bank credit available from the Company's lenders; the level of bank credit that may be attainable from its lenders as a result of oil and gas reserve growth; the availability of other sources of debt with different characteristics than the existing bank debt; the sale of assets; limiting the size of the capital expenditure program and new equity if available on favourable terms. The Company's share capital is not subject to external restrictions, however the Company's bank facility is determined by the lenders and based on the lenders' borrowing base models which are based on the Company's petroleum and natural gas reserves.

There has been no change in the Company's approach to capital management during the period ended March 31, 2008.

10. Supplemental cash flow information:

	March 31, 2008	March 31, 2007
Changes in non-cash working capital:		
Accounts receivable	**$ (6,334)**	$ 828
Accounts payable and accrued liabilities	**5,915**	(12,007)
	$ (419)	$ (11,179)
Operating activities	**$ 1,139**	$ (1,915)
Investing activities	**(1,558)**	(9,264)
	$ (419)	$ (11,179)

The Company made the following cash outlays in respect of interest expense:

	March 31, 2008	March 31, 2007
Interest	**$ 1,752**	$ 877

11. Commitments:

The Company has the following fixed term commitments related to its on-going business:

	Total	2008	2009	2010	2011
Operating Leases	$ 3,465	$ 743	$ 990	$ 990	$ 742
Capital commitments	13,000	9,000	4,000	-	-
Exploration and development	11,224	11,224	-	-	-
Firm transportation agreements	25,883	5,036	7,026	7,243	6,578
Total	$ 53,572	$ 26,003	$ 12,016	$ 8,233	$ 7,320

11. Commitments (continued):

The exploration and development commitment relates to the Company's obligation under its October 25, 2007 flow through share issue as described in note 7(a).

The firm transportation commitments were acquired as part of the Company's May 2007 private company acquisition and represent firm service commitments for transportation and processing of natural gas in British Columbia.

12. Subsequent events:

On April 14, 2008, the Company announced that it has entered into an agreement to acquire approximately 104 net sections of undeveloped Montney formation rights in northeast British Columbia adjacent to or proximal to Crew's existing Septimus lands for $65 million. This acquisition is scheduled to close on or before May 15, 2008.

On May 1, 2008, the Company completed a bought deal equity financing with a syndicate of underwriters resulting in the issuance of 5,000,000 Common Shares of the Company at a price of $13.35 per Common Share for gross proceeds of approximately $66.8 million.