Management's Discussion and Analysis

Management's Discussion and Analysis 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. It should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2004 and the period from commencement of operations on September 2, 2003 to December 31, 2003. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada.

Barrel of oil equivalent ("boe") may be misleading, particularly if used in isolation. All boe conversions in this report are derived by converting natural gas to oil in the ratio of six thousand cubic feet ("mcf") of gas to one barrel ("bbl") of oil. This conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Certain financial values are presented on a per boe basis and such measurements may not be consistent with those used by other companies.

Crew evaluates performance based on net income and cash flow from operations. Cash flow from operations is a measure that is not based on GAAP but is commonly used in the oil and gas industry. It represents cash generated from operating activities before changes in non-cash working capital. 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.

Certain of the statements set forth under " Management's Discussion and Analysis" including statements which may contain words such as "could", "expect", "believe", "will" and similar expressions and statements relating to matters that are not historical facts, are forward-looking and are based upon the Company's current belief as to the outcome and timing of such future events. There are numerous risks and uncertainties that can affect the outcome and timing of such events, including many factors beyond the control of the Company. These factors include, but are not limited to, the matters described under the heading "Risk and Risk Management". Should one or more of these events occur, or should any of the underlying assumptions prove incorrect, the Company's actual results and plans for 2005 and beyond could differ materially from those expressed in the forward-looking statements. The Company does not undertake to update, revise or correct any of the forward-looking information. Such forward-looking statements should be read in conjunction with the Company's disclosures under the heading: "Advisory" on the inside back cover.

COMMENCEMENT OF OPERATIONS

Crew Energy Inc. ("Crew") commenced operations on September 2, 2003 when certain assets of Baytex Energy Ltd. ("Baytex") were transferred to Crew under a Plan of Arrangement dated July 25, 2003. The Plan of Arrangement resulted in the shareholders of Baytex becoming unit holders of Baytex Energy Trust and shareholders of Crew. For additional information regarding the Plan of Arrangement see note 2 to the consolidated financial statements on page 20 of this report.

The financial information in this report comprises the operating results for Crew for the year ended December 31, 2004 and for the period from commencement of operations on September 2 to December 31, 2003. As such, comparative information for the period ended December 31, 2003 is for only 121 days. The limitations of such comparative information should be recognized.

PRODUCTION

Production for 2004 averaged 2,444 boe per day, an increase of 34% over the 1,820 boe per day average produced in the 121 day period ended December 31, 2003. Production increased throughout 2004 as a result of the Company's successful drilling program. Natural gas volumes increased 37% to 11.2 mmcf per day as a result of added production from new wells at Edson, Ferrier and Viking Kinsella in Alberta. Liquid sales increased 25% to 569 bbl per day in 2004 as a result of added light oil production from Laprise in northeastern British Columbia and increased natural gas liquids ("ngl") production at Edson and Ferrier.

OPERATING REVENUE AND EXPENSE

Revenue in 2004 totalled $37.7 million comprised of $27.8 million in natural gas sales and $9.9 million in oil and ngl sales. Revenue for the 121 day period ended December 31, 2003 totalled $7.6 million. Crew's revenue grew quarter over quarter throughout 2004 bolstered by increasing production and strong commodity prices. The Company's oil and ngl price averaged $47.47 per bbl in 2004 representing an increase of 36% over the $34.92 realized in the 121 day period ended December 31, 2003. Average natural gas prices increased 18% to $6.75 in 2004 compared to the $5.72 realized during the Company's 2003 period.

Royalties for 2004 totalled $8.5 million in 2004 or 22.5% of revenues. During the 121 day period ended December 31, 2003 the Company paid royalties totalling $1.5 million or 19.5% of revenue. Royalty rates as a percentage of revenue increased in 2004 due to the addition of production from new wells which attract higher royalty rates than the production from the Company's older wells transferred from Baytex.

Operating costs totalled $3.5 million in 2004 or $3.96 per boe. During the 121 day period ended December 31, 2003 the Company incurred total operating costs of $1.0 million or $4.68 per boe. Operating costs per unit have decreased in 2004 as a result of higher production offsetting a larger portion of the Company's fixed operating costs and an increase in processing fees charged to third parties to recover the Company's facility operating costs.

Prior to 2004 the Company had presented petroleum and natural gas sales net of transportation costs. The Company now records petroleum and natural gas sales separate from transportation costs on the statement of operations. Previously reported amounts for periods ending prior to 2004 have been reclassified for comparative purposes.

Transportation costs totalled $1.0 million or $1.17 per boe in 2004. During the 121 day period in 2003 the Company incurred transportation costs totalling $0.2 million or $1.06 per boe. Transportation costs per unit have increased in 2004 due to increased production from Laprise and Edson, which attract higher per unit transportation costs compared to older Crew production.

GENERAL AND ADMINISTRATIVE

General and administrative expenses for the year ended December 31, 2004 totalled $0.8 million or $0.89 per boe and for the period from September 2 to December 31, 2003 totalled $0.3 million or $1.14 per boe. The Company's general and administrative costs per boe have decreased in 2004 as a result of the Company's increasing production. Crew follows the full cost method of accounting for its petroleum and natural gas operations, under which $ 0.8 million (2003 – $0.3 million) of corporate expenses were capitalized during the year.

($ thousands)	2004	Sept. 2 to Dec. 31, 2003
Gross corporate expenses	2,823	607
Operator's recoveries	(1,222)	(106)
Capitalized expense	(800)	(251)
General and administrative expenses	801	250

STOCK-BASED COMPENSATION

Crew accounts for its stock-based compensation programs, including the performance shares and stock options, using the fair value method. Under this method, a portion of the compensation expense related to these programs are recorded in the consolidated statement of operations over the vesting period and a portion of the expense is capitalized to the company's full cost pool over the vesting period. During 2004 stock-based compensation expense of $0.3 million (2003 – $0.1 million) was recorded and $0.3 million (2003 – $0.1 million) was capitalized to the company's full cost pool.

DEPLETION, DEPRECIATION AND ACCRETION

The provision for depletion, depreciation and accretion for the year ended December 31, 2004 was $9.6 million or $10.78 per boe. During the period from September 2 to December 31, 2003 depletion, depreciation and accretion was $1.8 million or $7.96/boe. Per unit depletion has increased in 2004 due to an increase in the average cost of the Company adding reserves.

TAXES

The Company's Capital tax expense for 2004 was $33,000 representing an estimate of the Company's Large Corporation Tax expense for the year.

A summary of the Company's estimated income tax pools are outlined below:

($ thousands)	Dec. 31, 2004	Dec. 31, 2003
Cumulative Canadian Exploration Expense	2,109	249
Cumulative Canadian Development Expense	23,195	6,632
Cumulative Canadian Oil and Gas Property Expense	20,884	17,760
Undepreciated Capital Cost	18,188	6,137
Non-capital loss	–	1,452
	64,376	32,230

CASH FLOW AND NET INCOME

Cash flow from operations for the year totalled $24.1 million or $0.97 per basic share and $0.84 per diluted share, while net income totalled $8.9 million for the year or $0.36 per basic share and $0.31 per diluted share. These amounts compare to $4.6 million or $0.20 per basic share and $0.18 per diluted share of cash flow and $1.6 million or $0.07 per basic share and $0.06 per diluted share of net income earned in the 121 day period ended December 31, 2003. The Company's increase in cash flow from operations and net income was the result of increased production and higher commodity prices.

NET BACKS

The Company's netbacks per unit are outlined below:

For the year ended December 31, 2004:

	Light oil & ngl	Natural gas	Total
	($/bbl)	($/mcf)	($/boe)
Revenue	47.47	6.75	42.15
Royalties	(8.77)	(1.73)	(9.99)
Alberta royalty tax credit			0.54
	38.70	5.02	32.70
Operating costs	(3.84)	(0.67)	(3.96)
Transportation	(2.31)	(0.14)	(1.17)
Operating netbacks	32.55	4.21	27.57
General and administrative costs			(0.89)
Interest and other income			0.27
Capital taxes			(0.04)
Cash flow from operations			26.91
Depletion, depreciation and accretion			(10.78)
Stock based compensation			(0.31)
Future taxes			(5.83)
Net Income			9.99

For the period from Sept. 2 to Dec. 31, 2003:

	Light oil & ngl	Natural gas	Total
	($/bbl)	($/mcf)	($/boe)
Revenue	34.92	5.72	34.45
Royalties	(7.23)	(1.09)	(6.73)
	27.69	4.63	27.72
Operating costs	(3.39)	(0.85)	(4.68)
Transportation costs	(2.51)	(0.10)	(1.06)
Operating netbacks	21.79	3.68	21.98
General and administrative costs			(1.14)
Interest and other income			0.17
Capital taxes			(0.08)
Cash flow from operations			20.93
Depletion, depreciation and accretion			(7.96)
Stock based compensation			(0.33)
Future taxes			(5.55)
Net Income			7.09

CAPITAL EXPENDITURES

In 2004 Crew drilled a total of 39 (32.2 net) wells resulting in 31 (25.7 net) gas wells, 5 (3.5 net) oil wells, and 3 (3.0 net) D&A wells representing a success rate of 92% (91% net). In addition, the Company continued to follow its strategy of, where possible, owning and controlling its own processing and gathering facilities. The Company spent 25% of its total capital expenditures in 2004 on the construction of gas processing and compression equipment at Edson, Ferrier and Laprise as well as adding extensive gas gathering systems at Edson, Laprise and Viking-Kinsella.

Total exploration and development expenditures for 2004 were $55.2 million compared to $6.7 million for the period from September 2 to December 31, 2003. The expenditures are detailed below:

($ thousands)	2004	Sept. 2 to Dec. 31, 2003
Land	6,298	496
Seismic	1,812	11
Drilling and completions	32,903	4,455
Equipment and facilities	13,933	1,538
Other	235	189
	55,181	6,689

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2004 Crew had a net working capital deficiency of $3.9 million including cash and short-term investments of $7.1 million.

The Company currently has a $27 million credit facility with a Canadian chartered bank. At year-end there were no borrowings against this facility. The demand operating facility bears interest at the bank's prime lending rate, bankers' acceptance rates plus scheduled margins and is allowed to revolve at the Company's discretion.

During 2004 the Company completed two private placements issuing 3,800,000 Common Shares and raising gross proceeds of $24.85 million. The second of these issues, completed in December 2004, was issued on a flow-through basis under which the Company has committed to renounce $8.8 million of certain Canadian tax deductions to the purchasers. The capital expenditures related to these tax deductions will be incurred throughout 2005.

Looking forward Crew will continue to focus on maintaining a strong financial position. The Company will fund its 2005 capital expenditure program through a combination of existing bank lines, proceeds from the expected exercise of existing warrants in September 2005 and the Company's cash flow from on-going operations. Emphasis will continue to be placed on the Company's strong financial position and management will endeavor not to exceed a total debt to forward cash flow ratio of more than one time.

As at March 11, 2005, 26,780,684 Common Shares and 1,864,000 Class C Performance shares of the Company were outstanding along with 400,500 options and 3,635,000 warrants to acquire Common Shares of the Company.

CONTRACTUAL OBLIGATIONS

Throughout the course of its on-going business the Company enters into various contractual obligations such as 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 the contract and none are with related parties. The Company believes it has adequate sources of capital to adequately fund all contractual obligations as they come due. The following table lists the Company's obligations with a fixed term.

Payments due ($ thousands)	Total	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years
Operating Leases	820	300	520	–	–
Firm transportation agreements	206	132	74		
Exploration and development commitments	743	743	–	–	–
Total	1,769	1,175	594	–	–

FOURTH QUARTER & ANNUAL INFORMATION REVIEW

The Company began operations on September 2, 2003 with the assets that it received out of the Baytex Plan of Arrangement. Those assets provided the Company with base oil and natural gas production of 1,500 boe per day. The Company has added to its production since its inception through development oil and natural gas drilling on its core properties as well as exploration drilling on existing and newly acquired undeveloped lands. This drilling has resulted in the Company's production growing consistently over the past sixteen months. Production averaged 3,112 boe per day in the fourth quarter of 2004, a 63% increase over the fourth quarter of 2003. This increased production combined with strengthening commodity prices throughout the Company's first sixteen months of operations have resulted in revenue and net income increasing substantially over the past year.

($ thousands, except per share amounts)	Three months ended Dec. 31, 2004	Three months ended Dec. 31, 2003	Year ended Dec. 31, 2004	Period from Sept. 2, 2003 to Dec. 31, 2003
Petroleum and natural gas sales	12,721	6,086	37,702	7,586
Cash flow from operations	8,330	3,814	24,076	4,612
Per share - basic	0.33	0.17	0.97	0.20
- diluted	0.28	0.15	0.84	0.18
Net income	3,358	1,258	8,948	1,565
Per share - basic	0.13	0.05	0.36	0.07
- diluted	0.11	0.05	0.31	0.06
Daily production (boe/d)	3,112	1,911	2,444	1,820
Crew average sales price (boe/d)	44.42	34.61	42.15	34.45
Total assets			95,538	45,760
Working capital deficiency (surplus)			3,882	(3,940)
Total other long-term liabilities			7,659	3,896

QUARTERLY ANALYSIS

The following table summarizes Crew's key quarterly financial results from the inception of the Company's operations on September 2, 2003 to December 31, 2004:

($ thousands, except per share amounts)	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	March 31, 2004	Dec. 31, 2003	Sept. 30, 2003
Petroleum and natural gas sales	12,721	9,194	8,328	7,459	6,086	1,500
Cash flow from operations	8,330	5,906	5,171	4,669	3,814	798
Per share – basic	0.33	0.23	0.21	0.20	0.17	0.03
– diluted	0.28	0.20	0.18	0.18	0.15	0.03
Net income	3,358	2,064	1,840	1,686	1,258	307
Per share – basic	0.13	0.08	0.07	0.07	0.05	0.01
– diluted	0.11	0.07	0.07	0.06	0.05	0.01
Total daily production (boe/d)	3,112	2,428	2,160	2,068	1,911	1,529

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.
- Production is impacted in the second quarter of every year by the limited ability to transport oil and ngl production to market during spring break-up. The Company's Laprise production is shut-in for eight to ten weeks during this period.
- Revenue and royalties are significantly impacted by underlying commodity prices. To date the Company has not used 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.

RISK AND RISK MANAGEMENT

The exploration for and the development, production and marketing of petroleum and natural gas involves a wide range of business and financial risks, some of which are beyond the Company's control. Included in these risks are the uncertainty of finding new economically recoverable reserves, the fluctuation of commodity prices, the volatile nature of interest and foreign exchange rates, and the possibility of changes to royalty, tax and environmental regulations. The petroleum industry is highly competitive and Crew competes with a number of other companies, many of which have greater financial and personnel resources.

The business risks facing Crew are mitigated in a number of ways. Geological, geophysical, engineering, environmental and financial analyses are performed on new exploration prospects, development projects and potential acquisitions to ensure a balance between risk and reward. Crew's ability to increase its production, revenues and cash flow depends on its success in not only developing its existing properties, but also in acquiring, exploring for and developing new reserves and production and managing those assets in an efficient manner.

Despite best practice analysis being conducted on all projects, there are numerous uncertainties inherent in estimating quantities of proved petroleum and natural gas reserves, including future oil and natural gas prices, engineering data, projected future rates of production and the timing of future expenditures. The process of estimating petroleum and natural gas reserves requires substantial judgment, resulting in imprecise determinations, particularly for new discoveries. An independent engineering firm evaluates Crew's properties annually to determine a fair estimate of reserves. A Reserve Committee of the Board of Directors assists the Board in their annual review of the Company's reserve estimates.

The Company's financial results can be significantly affected by the prices received for petroleum and natural gas production as commodity prices fluctuate in response to changing market forces. This pricing volatility is expected to continue. As a result, Crew may fix the price of oil and natural gas on a percentage of the Company's total expected production using derivative instruments on fixed price physical delivery contracts. The objective is to lock in prices on a portion of the Company's future production to decrease exposure to market volatility and ensure the Company's ability to finance its capital program. The use of derivative instruments and physical delivery contracts is governed under formal policies and subject to limits established by the Board of Directors. Derivative instruments are not used for speculative or trading purposes.

Crew's financial results are also impacted by fluctuations in the exchange rate between the Canadian dollar and the US dollar. Crude oil prices and, to a large extent, natural gas prices are based on reference prices denominated in US dollars, while the majority of expenses are denominated in Canadian dollars.

Crew may be exposed to changes in interest rates as the Company's banking facilities are based on its lenders' prime lending rate and short-term bankers' acceptance rates.

A substantial portion of the Company's accounts receivable are with customers and joint venture partners in the petroleum and natural gas industry and are subject to normal industry credit risk. Purchases of the Company's natural gas, crude oil and natural gas liquids are subject to internal credit review to minimize the risk of non payment.

APPLICATION OF CRITICAL ACCOUNTING ESTIMATES

Crew's significant accounting policies are disclosed in note 1 to the consolidated financial statements. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumption that affect the reported amounts of assets, liabilities, revenues and expenses. These accounting policies are discussed below and are included to aid the reader in assessing the critical accounting policies and practices of the Company and the likelihood of materially different results being reported. Crew's management reviews its estimates regularly. The emergence of new information and changed circumstances may result in actual results or changes to estimates that differ materially from current estimates.

The following assessment of significant accounting policies and associated estimates is not meant to be exhaustive. The Company might realize different results from the application of new accounting standards promulgated, from time to time, by various rule-making bodies.

PROVED OIL AND GAS RESERVES

Proved oil and gas reserves, as defined by the Canadian Securities Administrators in National Instrument 51-101 with reference to the Canadian Oil and Gas Evaluation Handbook, are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

An independent reserve evaluator using all available geological and reservoir data as well as historical production data has prepared Crew's oil and gas reserve estimate. Estimates are reviewed and revised as appropriate. Revisions occur as a result of changes in prices, costs, fiscal regimes, reservoir performance or a change in the

Company's development plans. The effect of changes in proved oil and gas reserves on the financial results and financial position of the Company is described below under the heading "Full-Cost Accounting and Full-Cost Accounting Ceiling Test".

FULL-COST ACCOUNTING

The Company follows the full cost method of accounting for petroleum and natural gas properties, whereby all costs of exploring for and developing petroleum and natural gas properties and related reserves are capitalized. The capitalized costs are depleted and depreciated using the unit-of-production method based on estimated proved reserves. Reserve estimates can have a significant impact on earnings, as they are a key component in the calculation of depletion and depreciation. A downward revision in a reserve estimate could result in a higher depletion and depreciation charge to earnings. In addition, if net capitalized costs are determined to be in excess of the calculated ceiling, which is based largely on reserve estimates (see Full-Cost Accounting Ceiling Test), the excess must be written off as an expense charged against earnings. In the event of property disposition, proceeds are normally deducted from the full cost pool without recognition of gain or loss unless there is a change in the depletion rate of 20 percent or greater.

UNPROVED PROPERTIES

Certain costs related to unproved properties are excluded from costs subject to depletion until proved reserves have been determined or their value is impaired. These properties are reviewed quarterly and any impairment is transferred to the costs being depleted.

FULL COST ACCOUNTING CEILING TEST

Petroleum and natural gas assets are evaluated in each reporting period to determine that the carrying amount in a cost centre is recoverable and does not exceed the fair value of the properties in the cost centre.

The carrying amounts are assessed to be recoverable if the sum of the undiscounted cash flows expected from the production of proved reserves, the lower of cost and market of unproved properties and the cost of major development projects exceeds the carrying amount of the cost centre. When the carrying amount is not assessed to be recoverable, an impairment loss is recognized to the extent that the carrying amount of the cost centre exceeds the sum of the discounted cash flows expected from the production of proved and probable reserves, the lower of cost and market of unproved properties and the cost of major development projects of the cost centre. The cash flows are estimated using forecast product prices and costs and are discounted using a risk-free interest rate. By their nature, these estimates are subject to measurement uncertainty and the impact on the financial statements could be material. Any impairment loss would be charged as additional depletion and depreciation expense.

ASSET RETIREMENT OBLIGATIONS

The fair value of an asset's retirement obligation must be recognized in the period in which it is incurred if a reasonable estimate of the fair value can be made. The present value of the estimated asset retirement cost is capitalized as part of the carrying amount of the long-lived asset. The depreciation of the capitalized asset retirement cost is determined on a basis consistent with depletion and depreciation. With the passage of time, accretion will increase the carrying amount of the asset retirement obligation. The actual cost and timing of the Company's asset retirement expenditures may vary significantly from management's current estimates.

INCOME TAXES

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ from that estimated and recorded by management.

CHANGES IN ACCOUNTING POLICIES

The following new accounting policy was implemented by the Company during the year:

FULL COST ACCOUNTING

Effective January 1, 2004, the Corporation adopted the new accounting standard relating to full cost accounting including a new ceiling test. The adoption of this new policy on January 1, 2004 resulted in no write-down to the carrying value of petroleum and natural gas assets. Prior to January 1, 2004 the ceiling test amount was the sum of the undiscounted cash flows expected from the production of proved reserves, the lower of cost or market of unproved properties and the cost of major development projects less estimated future costs for administration, financing, site restoration and income taxes. The cash flows were estimated using period end prices and costs.

NEW ACCOUNTING STANDARDS

The following new accounting standards will be required to be implemented by the Company as discussed below:

EARNINGS PER SHARE

Effective January 1, 2005, this accounting pronouncement will require the number of incremental shares included in year-to-date diluted earnings per share to be computed using the average market price of common shares for the year-to-date period. It also stipulates that contracts that could be settled in cash or common shares would be settled in common shares if share settlement is more dilutive. Shares to be issued upon conversion of mandatorily convertible instruments would be included in the basic weighted average earnings per share calculation from the date when conversion becomes mandatory. These changes will not materially impact the Company's diluted earnings per share calculations.

CONSOLIDATION OF VARIABLE INTEREST ENTITIES

Effective January 1, 2005, this accounting guideline addresses the circumstances where an entity has control of another entity through arrangements other than share ownership. The accounting guideline requires an enterprise to consolidate the entity when that enterprise has a variable interest that will absorb a majority of the entity's returns or losses. As the Company does not currently have any such arrangements, no impact is expected from the implementation of this guideline.

FINANCIAL INSTRUMENTS, OTHER COMPREHENSIVE INCOME

This section addresses when to recognize, and how to measure, a financial instrument on the balance sheet and how gains and losses are to be presented. An additional financial statement, other comprehensive income, will be required. Once implemented, the fair value of financial instruments, designated as hedges, will be included on the balance sheet with the related gain or loss recognized in other comprehensive income. Consistent with current practice, financial instruments not designated as hedges will be valued at market with the related gains and losses recognized in net income.

2005 OUTLOOK

Crew's plans for 2005 will include the continued pursuit of production growth in its key development areas of Edson, Ferrier, Viking-Kinsella and Drumheller-Wimborne in Alberta along with Laprise, B.C. In addition the Company has plans to drill an additional ten exploration focused wells in new areas in an effort to expose the Company to higher impact production and reserve targets.

The Company's Board of Directors has approved a total 2005 capital budget of $60 million. This capital budget is expected to result in the Company drilling or completing a total of 40 to 50 wells. This drilling activity is expected to result in an average 2005 production rate of 4,100 boe per day and a 2005 exit rate of 5,000 boe per day.

Additional information relating to Crew, including the Company's Annual Information Form, can be found on SEDAR at www.sedar.com.

[signed]

DALE O. SHWED
President and CEO

[signed]

JOHN G. LEACH
Vice-President, Finance and CFO

MARCH 11, 2005

Management's Report

Management, in accordance with Canadian generally accepted accounting principles, has prepared the accompanying consolidated financial statements of Crew Energy Inc. Financial and operating information presented throughout this report is consistent with that shown in the consolidated financial statements.

Management is responsible for the integrity of the financial information. Internal control systems are designed and maintained to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for financial reporting purposes.

KPMG LLP were appointed by the Company's Board of Directors to perform an examination of the corporate and accounting records so as to express an opinion on the consolidated financial statements. Their examination included a review and evaluation of Crew's internal control systems and included such test and procedures, as they considered necessary, to provide a reasonable assurance that the consolidated financial statements are presented fairly in accordance with Canadian generally accepted accounting principles.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises this responsibility through the Audit Committee, with assistance from the Reserve Committee regarding the annual evaluation of our petroleum and natural gas reserves. The Audit Committee meets regularly with management and the independent auditors to ensure that management's responsibilities are properly discharged, to review the consolidated financial statements and recommend that the consolidated financial statements be presented to the Board of Directors for approval. The Audit Committee also considers the independence of the external auditors and reviews their fees. The external auditors have access to the Audit Committee without the presence of management.

[signed]

DALE O. SHWED
President and CEO

[signed]

JOHN G. LEACH
Vice-President, Finance and CFO

MARCH 11, 2005

Auditors' Report to the Shareholders

We have audited the consolidated balance sheets of Crew Energy Inc. as at December 31, 2004 and 2003 and the consolidated statements of operations and retained earnings and cash flows for the year ended December 31, 2004 and the period from the commencement of operations on September 2, 2003 to December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2004 and 2003 and the results of its operations and its cash flows for the year ended December 31, 2004 and the period from the commencement of operations on September 2, 2003 to December 31, 2003 in accordance with Canadian generally accepted accounting principles.

[signed] KPMG LLP

CHARTERED ACCOUNTANTS

Calgary, Canada

MARCH 11, 2005

Consolidated Balance Sheets

(thousands)	December 31, 2004	December 31, 2003
Assets		
Current Assets:		
Cash and cash equivalents	$ 7,069	$ 7,721
Accounts receivable	11,346	5,848
	18,415	13,569
Future income taxes (note 7)	–	2,041
Property, plant and equipment (note 3)	77,123	30,150
	$ 95,538	$ 45,760
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 22,297	$ 9,629
Asset retirement obligations (note 4)	4,984	3,896
Future income taxes (note 7)	2,675	–
Shareholders' Equity		
Share capital (note 6)	54,382	30,524
Contributed surplus (note 6)	687	146
Retained earnings	10,513	1,565
	65,582	32,235
	$ 95,538	$ 45,760

See accompanying notes to the consolidated financial statements.

On Behalf of the Board of Directors:

[signed]

RAYMOND CHAN
Director

[signed]

DENNIS NERLAND
Director

Consolidated Statements of Operations and Retained Earnings

(thousands, except per share amounts)		Year ended December 31, 2004		Period from September 2 to December 31, 2003
Revenue				
Petroleum and natural gas sales	$	37,702	$	7,586
Royalties (net of Alberta Royalty Tax Credit)		(8,455)		(1,482)
Other revenue		243		38
		29,490		6,142
Expenses				
Operating		3,538		1,030
Transportation		1,042		232
General and administrative		801		250
Stock-based compensation		274		73
Depletion, depreciation and accretion		9,641		1,752
		15,296		3,337
Income before taxes		14,194		2,805
Taxes (note 7)				
Capital		33		18
Future		5,213		1,222
		5,246		1,240
Net income		8,948		1,565
Retained earnings, beginning of period		1,565		–
Retained earnings, end of period	$	10,513	$	1,565
Per share amounts (note 6(g))				
Basic	$	0.36	$	0.07
Diluted	$	0.31	$	0.06

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

(thousands)	Year ended December 31, 2004	Period from September 2 to December 31, 2003
Cash provided by (used in):		
Operating activities:		
Net income	$ 8,948	$ 1,565
Items not involving cash:		
Depletion, depreciation & accretion	9,641	1,752
Stock-based compensation	274	73
Future income taxes	5,213	1,222
Funds flow from operations	24,076	4,612
Change in non-cash working capital	1,561	(2,807)
Asset retirement expenditures	(72)	–
	25,565	1,805
Financing activities:		
Issue of common shares	24,850	6,017
Re-purchase of common shares	(74)	–
Share issue costs	(1,421)	–
	23,355	6,017
Investing activities:		
Exploration and development	(55,181)	(6,689)
Change in non-cash working capital	5,609	6,588
	(49,572)	(101)
Change in cash and cash equivalents	(652)	7,721
Cash and cash equivalents, beginning of period	7,721	–
Cash and cash equivalents, end of period	$ 7,069	$ 7,721

See accompanying notes to the consolidated financial statements.

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2004,
AND FOR THE PERIOD FROM SEPTEMBER 2, 2003 TO DECEMBER 31, 2003

(Tabular amounts in thousands)

1. SIGNIFICANT ACCOUNTING POLICIES:

Crew Energy Inc. (“Crew” or the “Company”) was incorporated on May 12, 2003 and commenced operations on September 2, 2003 when certain assets of Baytex Energy Ltd. (“Baytex”) were transferred into Crew under a Plan of Arrangement. The Plan of Arrangement resulted in the shareholders of Baytex becoming unit holders of Baytex Energy Trust and shareholders of Crew.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles within the framework of the accounting policies summarized below:

(A) PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Crew Resources Inc. and a partnership, Crew Energy Partnership.

(B) CASH AND CASH EQUIVALENTS:

Cash and cash equivalents include monies on deposit and highly liquid short-term investments accounted for at cost and having a maturity date of not more than 90 days.

(C) PETROLEUM AND NATURAL GAS PROPERTIES:

The Company follows the full cost method of accounting for petroleum and natural gas properties, whereby all costs of exploring for and developing petroleum and natural gas properties and related reserves are capitalized. Capitalized costs include land acquisition costs, geological and geophysical expenses, cost of drilling both productive and non productive wells, production facilities, the fair value of asset retirement obligations and related overhead expenses.

Capitalized costs, excluding costs relating to unproven properties, are depleted using the unit of production method based on estimated proved reserves of petroleum and natural gas before royalties as determined by independent petroleum engineers. For purposes of the depletion calculation, natural gas reserves and production are converted to equivalent volumes of crude oil based on relative energy content of six thousand cubic feet of gas to one barrel of oil. Proceeds from the sale of petroleum and natural gas properties are applied against capitalized costs, with no gain or loss recognized unless such a sale would alter depletion by more than 20%.

The cost of acquiring and evaluating unproved properties are initially excluded from depletion calculations. These unevaluated properties are assessed periodically for impairment. When proved reserves are assigned or the property is considered impaired the costs of the property or the amount of impairment is added to the costs subject to depletion.

Petroleum and natural gas assets are evaluated in each reporting period to determine that the carrying amount in a cost centre is recoverable and does not exceed the fair value of the properties in the cost centre.

The carrying amounts are assessed to be recoverable if the sum of the undiscounted cash flows expected from the production of proved reserves, the lower of cost and market of unproved properties and the cost of major development projects exceeds the carrying amount of the cost centre. When the carrying amount is not assessed to be recoverable, an impairment loss is recognized to the extent that the carrying amount of the cost centre exceeds the sum of the discounted cash flows expected from the production of proved and probable reserves, the lower of cost and market of unproved properties and the cost of major development projects of the cost centre. The cash flows are estimated using forecast product prices and costs and are discounted using a risk-free interest rate.

Effective January 1, 2004, the Corporation adopted the new accounting standard relating to full cost accounting including a new ceiling test. The adoption of this new policy on January 1, 2004 resulted in no write-down to the carrying value of petroleum and natural gas assets. Prior to January 1, 2004 the ceiling test amount was the sum of the undiscounted cash flows expected from the production of proved reserves, the lower of cost or market of unproved properties and the cost of major development projects less estimated future costs for administration, financing, site restoration and income taxes. The cash flows were estimated using period end prices and costs.

(D) INTEREST IN JOINT VENTURES:

A portion of the Company's petroleum and natural gas exploration and development activity is conducted jointly with others and, accordingly, the financial statements reflect only the Company's proportionate interest in such activities.

(E) ASSET RETIREMENT OBLIGATIONS:

The fair value of the liability for the Company's asset retirement obligation ("ARO") is recorded in the period in which it is incurred, discounted to its present value using Crew's credit adjusted risk-free interest rate and the corresponding amount is recognized by increasing the carrying amount of the related long-lived asset. The liability is accreted each period, and the capitalized cost is depreciated over the useful life of the related asset. Revisions to the estimated timing of cash flows or to the original estimated undiscounted cost would result in an increase or decrease to the ARO. Actual costs incurred upon settlement of the ARO are charged against the ARO.

(F) REVENUE RECOGNITION:

Revenue from the sale of petroleum and natural gas are recorded when title passes to a third party.

(G) FINANCIAL INSTRUMENTS:

From time to time, Crew may use swap agreements or other financial instruments to hedge its exposure to fluctuations in petroleum and natural gas prices. Financial instruments are not used for speculative purposes. When Crew enters into a hedge it formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in the hedging transactions are highly effective in offsetting changes in fair value or cash flows of the hedged item. These derivative contracts, accounted for as hedges, are not recognized on the balance sheet. Realized gains and losses on these contracts are recognized in petroleum and natural gas sales and cash flows in the same period in which the revenues associated with the hedged transactions are recognized. Premiums paid or received are deferred and amortized to earnings over the term of the contract. Financial instruments that do not qualify as a hedge are recorded on a mark-to-market basis with the resulting gains or losses taken into income.

(H) FLOW-THROUGH SHARES:

Flow-through shares are issued at a fixed price and the proceeds are used to fund qualifying exploration expenditures within a defined period. The expenditures funded by flow-through arrangements are renounced to investors in accordance with tax legislation. Share capital is reduced and future tax liability is increased by the total estimated future income tax costs of the renounced tax deductions in the period of renouncement.

(I) PER SHARE AMOUNTS:

Basic per share amounts are calculated using the weighted average number of shares outstanding during the period. Diluted per share amounts are calculated based on the treasury-stock method, which assumes that any proceeds obtained on exercise of options, warrants and performance shares would be used to purchase common shares at the average market price during the period. The weighted average number of shares outstanding is then adjusted by the net change.

(J) STOCK-BASED COMPENSATION PLANS:

The Company accounts for its stock-based compensation programs including stock options, warrants and performance shares, using the fair value method. Under this method, compensation expense related to these programs is recorded in the consolidated statement of operations over the vesting period.

(K) INCOME TAXES:

The Company uses the asset and liability method of accounting for future income taxes. The future tax asset or liability is calculated assuming the financial assets and liabilities will be settled at their carrying amount. This amount is compared to the tax assets and the difference is multiplied by the substantively enacted tax rate when the temporary differences are expected to reverse.

(L) USE OF ESTIMATES:

The amounts recorded for depletion of petroleum and natural gas properties and equipment and the asset retirement obligations are based on estimates. The ceiling test is based on estimates of the Company's reserves, production rates, petroleum and natural gas prices, future costs and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

(M) COMPARATIVE INFORMATION:

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

2. PLAN OF ARRANGEMENT

Effective September 2, 2003 and pursuant to a Plan of Arrangement, Baytex transferred certain property, plant and equipment to Crew. In exchange, the former Baytex shareholders received 1/3 of a Crew Common Share for every common share of Baytex held prior to the arrangement. The number of shares of Crew, which were issued to former Baytex shareholders as a result of the transaction were 19,345,696. At the time of the transaction, Crew and Baytex were related companies resulting in the transfer of the assets and related liabilities to Crew from Baytex at their carrying value.

Details of the amounts transferred are as follows:

Allocated:		
Petroleum and natural gas properties and equipment	$	24,848
Office furniture and equipment		137
Future income tax asset		3,263
Asset retirement obligation		(3,741)
Net assets transferred and share capital issued	$	24,507

In conjunction with the Plan of Arrangement the Company adopted a new accounting standard, Asset Retirement Obligations. As a result of adopting this standard, an entry was recorded to increase the asset retirement obligations by $3,182,000, increase petroleum and natural gas properties and equipment by $3,741,000, decrease the future income tax asset by $195,000 and increase share capital by $364,000.

3. PROPERTY, PLANT AND EQUIPMENT:

December 31, 2004	Cost	Accumulated depletion & depreciation	Net book value
Petroleum and natural gas properties and equipment	$ 88,054	$ 10,931	$ 77,123

December 31, 2003	Cost	Accumulated depletion & depreciation	Net book value
Petroleum and natural gas properties and equipment	$ 31,830	$ 1,680	$ 30,150

The cost of unproven lands at December 31, 2004 of $10,067,000 (2003 – $5,530,000) has been excluded from the depletion calculation.

During the year ended December 31, 2004, $1,074,000 (2003 – $323,000) of corporate expenses related to exploration and development activities were capitalized.

Crew performed a ceiling test under the rules provided by AcG – 16 as at December 31, 2004. Based on the calculation, the carrying values are recoverable as compared to the sum of the undiscounted cash flows of the proved reserves based on the following benchmark prices.

	WTI Oil	F/X Rate	Edmonton Oil	Company Liquids	AECO Gas	Company Gas
	($US/Bbl)	($Cdn/$US)	($/bbl)	($/bbl)	($/mmbtu)	($/mcf)
2005	$ 42.00	0.82	$ 50.25	$ 41.76	$ 6.60	$ 6.47
2006	$ 40.00	0.82	$ 47.75	$ 39.30	$ 6.35	$ 6.18
2007	$ 38.00	0.82	$ 45.50	$ 37.11	$ 6.15	$ 5.99
2008	$ 36.00	0.82	$ 43.25	$ 34.96	$ 6.00	$ 5.84
2009	$ 34.00	0.82	$ 40.75	$ 32.74	$ 6.00	$ 5.85
2010	$ 33.00	0.82	$ 39.50	$ 31.61	$ 6.00	$ 5.86
2011	$ 33.00	0.82	$ 39.50	$ 31.62	$ 6.00	$ 5.86
2012	$ 33.00	0.82	$ 39.50	$ 31.58	$ 6.00	$ 5.88
2013	$ 33.50	0.82	$ 40.00	$ 31.95	$ 6.10	$ 5.99
2014	$ 34.00	0.82	$ 40.75	$ 32.75	$ 6.20	$ 6.12
2015	$ 34.50	0.82	$ 41.25	$ 33.28	$ 6.30	$ 6.24
Annual escalation thereafter +2.0%/yr.						

4. ASSET RETIREMENT OBLIGATIONS:

The total future asset retirement obligation was determined by management and was based on Crew's net ownership interest, the estimated future cost to reclaim and abandon the Company's wells and facilities and the estimated timing of when the costs will be incurred. Crew has estimated the net present value of its total asset retirement obligation as at December 31, 2004 to be $4,984,000 (2003 – $3,896,000) based on a total future liability of $9,810,000 (2003 – $6,847,000). These payments are expected to be made over the next 41 years. An 8% (2003 – 10%) interest rate and 2% (2003 – 2%) inflation rate were used to calculate the present value of the asset retirement obligation.

The following table reconciles Crew's asset retirement obligations:

	2004	2003
Carrying amount, beginning of year	$ 3,896	$ 3,741
Increase in liabilities during the year	770	83
Accretion expense	390	72
Liabilities settled	(72)	–
Carrying amount, end of year	$ 4,984	$ 3,896

5. BANK FACILITY:

Crew has a $27 million demand operating facility with a Canadian chartered bank, which is available by way of prime rate based loans or bankers acceptances. Advances under the facility bear interest at the bank's prime lending rate, bankers' acceptance rates plus scheduled margins. The facility revolves at the Company's discretion, is repayable on demand of the bank and is secured by a first floating charge debenture over all of Crew's real property and a first priority security interest in all of Crew's personal property.

Cash interest income received during the year ended December 31, 2004 totalled $178,000 (2003 – $30,000).

6. SHARE CAPITAL:

(A) AUTHORIZED:

Unlimited number of Common Shares

1,881,000 Class C non-voting performance shares ("performance shares")

(B) COMMON SHARES:

	Number of shares		Amount
Issued for cash as private placement	3,635	$	5,998
Issued on transfer of assets (note 2)	19,346		24,507
Common shares, December 31, 2003	22,981		30,505
Private placement issued for cash	3,000		16,050
Flow-through shares issued for cash	800		8,800
Exercise of Class C, performance shares	9		6
Buy-back of common shares	(9)		(74)
Share issue costs, net of tax of $497			(924)
Common shares, December 31, 2004	26,781	$	54,363

(C) CONTRIBUTED SURPLUS:

		Amount
Stock-based compensation	$	146
Contributed surplus, December 31, 2003		146
Exercise of Class C, performance shares		(6)
Stock-based compensation		547
Contributed surplus, December 31, 2004	$	687

(D) PRIVATE PLACEMENT:

On September 1, 2003 the Company issued 3,635,000 units for proceeds of $5,998,000. Each unit consisted of one Class B non-voting share and one warrant. Each Class B non-voting share was subsequently exchanged for one Common Share. Total proceeds included the value of the shares and the warrants.

On May 13, 2004, the Company completed a bought-deal private placement of 3,000,000 Common Shares at a price of $5.50 per share for gross proceeds of $16,050,000.

On December 2, 2004, the Company completed a bought-deal private placement of 800,000 flow-through Common Shares at $11.00 per shares for gross proceeds of $8,800,000. Under the terms of the sale of the flow-through shares the Company has committed to renounce to the purchasers of the flow-through shares certain Canadian tax deductions totalling $8,800,000.

(E) WARRANTS:

As at December 31, 2004 and 2003 the Company had 3,635,000 outstanding warrants entitling the holder to acquire one Common Share of the Company at a price of $1.65 per share at any time subsequent to September 1, 2005 and prior to September 30, 2005.

(F) STOCK-BASED COMPENSATION:

The Company measures compensation costs associated with stock-based compensation using the fair market value method and the cost is recognized over the vesting period of the underlying security. The fair value of each performance share and stock option is determined at each issue or grant date using the Black-Scholes model with the following assumptions: risk free interest rate 4.5%, expected life 4 years, and volatility 45%.

During 2004 the Company recorded $547,000, (2003 – $146,000) of compensation expense related to the performance shares and stock options, of which $273,000, (2003 – $73,000) was capitalized in accordance with the Company's full cost accounting policy.

(i) PERFORMANCE SHARES

On September 1, 2003, the Company issued 1,881,000 performance shares to employees, officers and directors at a price of $0.01 per share. Each performance share is convertible into a fraction of a Common Share over a three-year period with the conversion rights expiring on September 1, 2007 after which, if the shares have not been converted, they are redeemed by the Company at $0.01 per share. On conversion, each performance share converts at the rate determined by subtracting $1.65 from the current market price of the Company's Common Shares and dividing the result by the current market price of the Company's Common Shares. The fair value of the performance shares at the date of issue, as calculated by the Black-Scholes method, was $0.67 per share.

	Number of shares	Amount
Issued for cash	1,881	$ 19
Class C, performance shares, December 31, 2003	1,881	19
Converted to Common shares	(12)	–
Class C, performance shares, December 31, 2004	1,869	$ 19

(ii) STOCK OPTIONS

The Company has a fixed stock option plan in which the Company may grant options to its employees and directors for up to 417,000 Common Shares. Under this plan, the exercise price of each option equals the market price of the Company's Common Shares on the date of grant. All granted options vest over a three-year period and have a four-year term. Stock options are granted periodically throughout the year. The fair value of the stock options granted during the year as calculated by the Black-Scholes method was $2.79 (2003 – $1.50) per option.

	Number of options	Price range	Weighted average exercise price
Granted	156	$3.50 to $3.75	$ 3.70
Balance, December 31, 2003	156	$3.50 to $3.75	3.70
Granted	328	$4.70 to $7.90	6.84
Cancelled	120	$3.75	3.75
Balance December 31, 2004	364	$3.50 to $7.90	$ 6.51

The following table summarizes information about the stock options outstanding at December 31, 2004:

	Outstanding at December 31, 2004	Weighted average remaining life	Weighted average exercise price	Exercisable at December 31, 2004	Weighted average exercise price
		(years)			
$3.50 to $5.50	43	2.92	$ 3.79	12	$ 3.52
$5.50 to $7.50	276	3.75	$ 6.72	–	–
$7.50 to $7.90	45	3.88	$ 7.90	–	–
	364	3.67	$ 6.51	12	$ 3.52

(G) PER SHARE AMOUNTS:

Per share amounts have been calculated on the weighted average number of shares outstanding. The weighted average shares outstanding for the period ended December 31, 2004 was 24,946,000 (December 31, 2003 – 22,981,000).

In computing diluted earnings per share for the period ended December 31, 2004, 3,729,000 (December 31, 2003 – 2,753,000) shares were added to the weighted average number of common shares outstanding for the dilution added by the warrants, performance shares and stock options.

7. INCOME TAXES:

(A) INCOME TAX PROVISION:

The provision for income taxes in the financial statements differs from the result, which would have been obtained by applying the combined federal and provincial tax rate to the Company's earnings before income taxes. This difference results from the following items:

	2004	2003
Earnings before income taxes	$ 14,194	$ 2,805
Combined federal and provincial tax rate	38.73%	40.90%
Computed "expected" income tax expense	$ 5,497	$ 1,148
Increase (decrease) in income taxes resulting from:		
Non deductible crown charges	2,044	420
Resource allowance	(1,794)	(400)
Non-taxable provincial royalty credits (ARTC)	(139)	–
Attributed Canadian royalty income	(124)	–
Stock-based compensation	213	60
Benefits relating to change in income tax rates	(307)	(35)
Other	(177)	29
Future income taxes	5,213	1,222
Capital taxes	33	18
Income taxes	$ 5,246	$ 1,240

Cash taxes paid during the period were nil.

(B) FUTURE INCOME TAX:

The components of the Company's future income tax liability/asset are as follows:

	2004	2003
Future income tax:		
Property, plant and equipment	$ 4,868	$ (101)
Asset retirement obligation	(1,668)	(1,360)
Share issue costs	(401)	–
Other	(124)	–
Non-capital loss	–	(580)
Future income tax liability (asset)	$ 2,675	$ (2,041)

8. FINANCIAL INSTRUMENTS:

(A) COMMODITY PRICE RISK MANAGEMENT:

At December 31, 2004, the Company had no fixed price contracts or financial instruments associated with future production.

(B) FOREIGN CURRENCY EXCHANGE RISK:

The Company is exposed to foreign currency fluctuations as petroleum and natural gas prices received are referenced to U.S. dollar denominated prices.

(C) CREDIT RISK

Crew's accounts receivable are with customers and joint venture partners in the petroleum and natural gas business and are subject to normal credit risks. Concentration of credit risk is mitigated by marketing production to several purchasers under normal industry sale and payment terms. Crew routinely assesses the financial strength of its customers. Crew may be exposed to certain losses in the event of non-performance by counterparties to commodity price contracts. Crew attempts to mitigate this risk by entering into transactions with highly rated major financial institutions.

(D) FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the financial instruments on the Company's balance sheet approximate their carrying values due to their short term to maturity.