crew energy inc.

TSX: CR

Q3 2012

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Q3 2012

Crew Energy Inc. (TSX-CR) of Calgary, Alberta is pleased to present its operating and financial results for the three and nine month periods ended September 30, 2012.

HIGHLIGHTS

- Funds from operations were $39.4 million or $0.33 per share in the third quarter of 2012;
- Third quarter production of 26,281 boe per day was 4% lower than the 27,510 boe per day produced in the same period of 2011 with approximately 1,100 boe per day of production shut-in during the first quarter and a further 2,500 boe per day of behind pipe production from deferred completions;
- Cash costs per boe including royalties, operating and transportation costs and general and administrative costs decreased $1.33 per boe or 6% over the second quarter of 2012;
- Crew now has four waterfloods at Princess exhibiting positive results. The two original waterfloods have increased production by 170% from the "K" pool and 110% from the "N" pool. The Pekisko "M" pool and the Pekisko "HH" pool have seen a reduction in gas oil ratios of over 70% and oil production increases of 158% and 38%, respectively, over pre-waterflood levels;
- Capital efficiencies at Princess continue to improve with results from the first quarter 2012 drilling program of $19,000 per producing boe. Recent drilling has been successful with three Pekisko wells testing at 750, 453 and 190 bbls of oil per day;
- The Company's first horizontal Mannville oil well at Princess is now producing 350 bbls per day of oil;
- At Septimus, Crew completed two wells with initial seven day production rates of 5.9 mmcf per day with 170 bbls per day of liquids and 4.3 mmcf per day with 125 bbls per day of liquids. The Company also optimized completion practices which has resulted in cost reductions of $1.6 million per well increasing the rate of return from 30% to 50%;
- During the quarter, Crew purchased 17,800 net acres of prospective acreage in the Princess and Lloydminster oil areas all of which have multi-zone oil potential.

	Three months ended		Nine months ended	
FINANCIAL *($ thousands, except per share amounts)*	**Sept 30, 2012**	Sept 30, 2011	**Sept 30, 2012**	Sept 30, 2011
Petroleum and natural gas sales	**92,269**	114,719	**315,290**	246,103
Funds from operations [(1)]	**39,410**	54,260	**139,494**	107,262
Per share - basic	**0.33**	0.45	**1.16**	1.12
- diluted	**0.33**	0.45	**1.15**	1.10
Net income (loss)	**(17,947)**	12,232	**(270)**	18,367
Per share - basic	**(0.15)**	0.10	**(0.00)**	0.19
- diluted	**(0.15)**	0.10	**(0.00)**	0.19
Capital expenditures	**44,443**	138,671	**203,618**	267,021
Property acquisitions (net of dispositions)	**(5,872)**	–	**(10,162)**	(12,289)
Net capital expenditures	**38,571**	138,671	**193,456**	254,732

CAPITAL STRUCTURE *($ thousands)*	**As at Sept 30, 2012**	As at Dec 31, 2011
Working capital deficiency [(2)]	**41,844**	92,452
Bank loan	**330,858**	230,676
Net debt	**372,702**	323,128
Current bank facility	**430,000**	430,000
Common Shares Outstanding *(thousands)*	**120,832**	119,993

(1) Funds from operations is calculated as cash provided by operating activities, adding the change in non-cash working capital, decommissioning obligation expenditures and the transportation liability charge. 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 International Financial Reporting Standards and therefore may not be comparable with the calculations of similar measures for other companies.

(2) Working capital deficiency includes only accounts receivable less accounts payable and accrued liabilities.

OPERATIONS	Three months ended		Nine months ended	
	Sept 30, 2012	Sept 30, 2011	**Sept 30, 2012**	Sept 30, 2011
Daily production				
Conventional oil (bbl/d)	**5,210**	4,910	**5,971**	5,384
Heavy oil (bbl/d)	**5,223**	6,633	**5,806**	2,235
Natural gas liquids (bbl/d)	**3,153**	2,621	**3,023**	1,712
Natural gas (mcf/d)	**76,169**	80,078	**80,865**	63,398
Oil equivalent (boe/d @ 6:1)	**26,281**	27,510	**28,277**	19,897
Average prices (1)				
Conventional oil ($/bbl)	**68.58**	71.36	**73.90**	74.53
Heavy oil ($/bbl)	**61.20**	63.66	**63.89**	63.66
Natural gas liquids ($/bbl)	**44.73**	61.69	**51.13**	61.81
Natural gas ($/mcf)	**2.43**	3.90	**2.27**	3.98
Oil equivalent ($/boe)	**38.16**	45.33	**40.69**	45.31
Netback ($/boe)				
Operating netback (2)	**19.53**	23.75	**21.08**	22.36
G&A	**1.76**	1.50	**1.78**	1.73
Interest on bank debt	**1.48**	0.81	**1.29**	0.88
Funds from operations	**16.29**	21.44	**18.01**	19.75
Drilling Activity				
Gross wells	**26**	66	**89**	121
Working interest wells	**24.0**	65.2	**83.4**	119.5
Success rate, net wells	**100%**	98%	**99%**	99%

(1) Average prices are before deduction of transportation costs and do not include hedging gains and losses.

(2) Operating netback equals petroleum and natural gas sales including realized hedging gains and losses on commodity contracts less royalties, operating costs and transportation costs calculated on a boe basis. Operating netback and funds from operations netback do not have a standardized measure prescribed by International Financial Reporting Standards and therefore may not be comparable with the calculations of similar measures for other companies.

OVERVIEW

Crew remained committed to capital discipline during the third quarter as activity levels remained well below those of the same period of 2011. The Company spent $44.4 million during the quarter which included the drilling of 26 (24.0 net) oil wells, completing 25 (24.5 net) wells at Princess, Lloydminster and Septimus and recompleting 20 (19.3 net) wells exclusively in the Company's oil focused areas of Princess and Lloydminster. This was a significant decline from the third quarter 2011 activity which saw the Company drill 66 wells and spend over $138 million. During the quarter, Crew also completed certain non-core asset dispositions of lands in central Alberta for net proceeds of approximately $5.9 million.

Production for the third quarter of 2012 decreased 4%, as compared with the same period in 2011, to average 26,281 boe per day due to shut-in and deferred natural gas production as well as declines. During the third quarter, the Company also implemented three waterfloods at Princess and one at Low Lake in Saskatchewan bringing the total number of waterfloods in operation to eight.

FINANCIAL

The third quarter continued the trend of market volatility that was experienced over the first half of 2012. Economic uncertainty resulting from the European debt crisis, lower forecasted growth in China and uncertainty surrounding the U.S. economy have created uncertainty in both the equity and commodity markets resulting in dramatic price movements. During this period, Crew remained focused on maintaining financial strength through capital discipline and cost reduction. During the quarter, the Company executed a successful capital program which approximated cash flow, reduced operating costs and added to our hedge positions for both 2012 and 2013.

The Company's third quarter funds from operations declined, as compared to the second quarter, to $39.4 million or $0.33 per share as lower production resulted from reduced capital spending and funds from operations was further challenged by lower overall commodity prices and lower hedging gains. The Company's revenue per boe, including hedging gains,

decreased to average $39.69 per boe in the third quarter compared to $44.90 in the second quarter. This decrease resulted mainly from a reduction in the hedging gains realized during the quarter as the second quarter hedging gain was bolstered by a one-time $12.1 million gain on the monetization of certain 2013 related contracts.

The Company's price received (excluding hedging gains) for its production decreased 2% while total cash costs per boe including royalties, operating costs, transportation and general and administrative costs decreased 6% during the third quarter of 2012 as compared with the prior quarter. This reduction in costs was led by a decrease in royalties in the Princess area and increased gas cost allowance credits combined with continuing operating cost efficiencies.

Prices received for the Company's liquids production including conventional oil, heavy oil and natural gas liquids decreased 5% over the second quarter as the price for West Texas Intermediate ("WTI") oil decreased 3% during the quarter compared to the second quarter of 2012. The prices received for the Company's conventional and heavy oil sales correlate closely to the price of Western Canadian Select ("WCS"), which traditionally trades at a discount to WTI. During the third quarter the differential between WTI and WCS remained at 24%, consistent with the previous quarter. The largest reduction in the Company's liquids pricing was experienced in the prices received for natural gas liquids. A glut of ethane and propane in North America resulted in a sharp decline in the prices received for these products which make up approximately 40% of Crew natural gas liquids production. This combined with lower prices received for condensate contributed to a 21% reduction in the prices Crew received for its natural gas liquids.

Crew's revenue from natural gas was positively impacted by pricing that outperformed the market's expectation as above average temperatures experienced in the highly populated eastern regions of Canada and the U.S. resulted in above average power generation demand for natural gas. The price for natural gas delivered at the Canadian AECO hub during the third quarter averaged $2.32 per mcf, an increase of 20% over the second quarter of 2012. The average price received for Crew's natural gas sales during the third quarter averaged $2.43 per mcf, an 18% increase over the second quarter.

The Company continues to actively protect its cash flow by hedging a portion of its future production. Crew currently has hedged approximately 23.3 mmcf per day of natural gas for the period of October through December 2012 at a price of approximately $2.00 per mcf and has an additional 30.0 mmcf per day of natural gas hedged for 2013 with an average floor price of $3.19 per mcf. The Company also has hedges to protect from a significant decline in oil prices with an average of 6,500 barrels per day of WTI oil hedged at an average floor price of $94.04 per barrel for the period October through December 2012 and 3,750 barrels per day of WTI oil hedged at an average floor price of $91.71 per barrel for 2013. In addition, the Company currently has hedges that fix the differential between WTI and WCS pricing on an average of 5,000 barrels per day for the period September to December 2012 at a differential of $15.88 per barrel.

OPERATIONS UPDATE

Pekisko Play, Princess, Alberta

At Princess, activity levels for the majority of the third quarter were focused on optimizing existing wells and implementing our waterflood schemes. Production for the quarter averaged 6,000 boe per day as no new wells were brought on production and a number of single well batteries were impacted by wet weather. Two additional waterfloods were implemented in the Alderson and West Tide Lake areas during the quarter bringing the total to seven waterfloods that are now on injection. Of particular note, the Pekisko "M" pool and the Pekisko "HH" pool which started injection in June 2012, have seen a reduction in the gas oil ratio of 78% and 71%, respectively, and an oil production increase of 158% and 38%, respectively, over pre-waterflood levels. One additional waterflood is expected to be ready for injection by the middle of the fourth quarter which had previously been planned for 2013. Late in the third quarter, Crew initiated its fall drilling program resulting in the drilling of seven (7.0 net) vertical wells and two (2.0 net) horizontal wells. Given the positive results of our first quarter drilling program which saw the Company spend $29.5 million of capital to generate a 30 day initial production rate of 1,550 boe per day for a capital efficiency of $19,000/boe per day, and the continuing strong performance of our two existing Tilley waterfloods (production increase of 170% and 110% respectively from pre-waterflood levels), Crew plans to drill an additional 15 wells in the fourth quarter.

Heavy Oil, Lloydminster, Saskatchewan

At Lloydminster, Crew drilled 15 (14.5 net) vertical wells and two (0.5 net) horizontal wells and also recompleted 16 wells. Capital efficiencies for the first three quarters have averaged $15,500/boe per day demonstrating the robust economics of this multi-zone heavy oil play. In the fourth quarter, the Company is planning to drill an additional nine wells including

three horizontal wells. Since acquiring this asset in July 2011, Crew has focused primarily on drilling and recompletion opportunities. As an initial step in pursuing the enhanced recovery potential on our heavy oil asset base, Crew initiated a pressure maintenance scheme in the Waseca formation at Low Lake. The Waseca has been a prolific producing formation in the area and the pressure maintenance scheme is expected to improve the ultimate recovery from this reservoir.

Tower, British Columbia

The tie-in of the initial non-operated Tower discovery well (0.33 net) was completed in the quarter and the operator is currently modifying surface facilities to accommodate the expected production levels. The well tested at 610 boe per day (342 bbls of oil and liquids and 1.7 mmcf per day of natural gas) after a 23 day flow test. The production results from this well combined with the second Tower well (Q3 average 174 boe per day; 60% liquids) will be used to determine the most appropriate completion technique for Montney oil at Tower and to assess timing for Crew's development. Crew has been active at Tower acquiring the necessary access and approvals to drill up to nine (6.3 net) wells.

Septimus/Kobes, British Columbia

With strengthening natural gas prices and a substantial 2013 hedge program in place, Crew has increased capital activity levels on its Montney lands. At Septimus, during the third quarter, Crew completed two first quarter drilled Montney horizontal wells which had been previously deferred due to weak natural gas prices. As Crew's completion practices continue to be optimized, the Company is seeing evidence of increased well performance and reduced costs. The two wells had gross initial seven day production rates of 5.9 mmcf per day and 4.3 mmcf per day with 30 bbls/mmcf of liquids and are currently producing 4.9 mmcf per day and 3.9 mmcf per day after 57 days indicating a much lower decline rate than historically observed. Completion costs were down 29% from historical levels at $2.1 million per well as a result of improved infrastructure and completion efficiencies. Crew has accelerated the drilling of a land retention horizontal well at Kobes to take advantage of some attractive drilling rig day rates and will also accelerate the drilling of one to two Septimus wells from our 2013 plan in the fourth quarter of 2012.

2012 GUIDANCE

Crew forecasts production to average between 28,000 and 29,000 boe per day in 2012 which is consistent with previous guidance. Crew has remained disciplined in its capital allocation and capital expenditures. When natural gas prices dramatically declined, the Company reduced its capital expenditure budget and has dedicated the majority of capital to its oil plays while spending less than funds from operations over the last six months. Average 2012 production is forecasted to grow by 6,000 boe per day or 25% year over year compared with 2011. Improved natural gas prices have allowed the Company to place some shut-in or deferred production onstream and Crew now has approximately 1,100 boe per day of natural gas production shut-in awaiting higher natural gas prices. Fourth quarter drilling momentum is expected to be carried over into 2013 resulting in a forecast exit 2012 production rate of over 28,000 boe per day.

Demand for services continues to be soft leading to equipment availability and cost efficiencies. A number of projects that were originally planned for the first quarter of 2013 have now been expedited into the fourth quarter of 2012. The Company expects to spend approximately $55 million in the fourth quarter with year-end debt estimated at $380 million or 2.1 times estimated trailing funds from operations.

OUTLOOK

Crew is committed to its strategy of investing in the highest return and the most capital efficient projects with a long term goal of consistent per share growth. Since Crew was founded in 2003, we have grown our reserves and production per share 28% and 13%, respectively, on a compounded annual basis. Our primary goal is to maintain our capital discipline focusing on capital allocation to specific assets providing our shareholders with oil production growth from our Princess and Lloydminster producing areas while realizing the significant upside in our resource base in the Montney and the Deep Basin. The Company plans to continue to hedge the commodities and foreign exchange to ensure a base level of cash flow to fund our capital programs. We look forward to reporting our 2013 guidance in early January and our 2012 results in March 2013.

On behalf of the Board,

Dale Shwed
President and C.E.O.

November 7, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Nine Month periods ended September 30, 2012 and 2011

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 interim consolidated financial statements of the Company for the three and nine month periods ended September 30, 2012 and 2011 and the audited consolidated financial statements and Management Discussion and Analysis for the year ended December 31, 2011. The interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). There have been no significant changes to the critical estimates disclosed in the Company's audited financial statements for the year ended December 31, 2011. All figures provided herein and in the interim consolidated financial statements are reported in Canadian dollars.

Forward Looking Statements

This MD&A contains forward looking statements. Management's assessment of future plans and operations, drilling plans and the timing thereof, plans for the tie-in and completion of wells and the timing thereof, capital expenditures, timing of capital expenditures and methods of financing capital expenditures and the ability to fund financial liabilities, production estimates, expected commodity mix and prices, future operating costs, future transportation costs, expected royalty rates, general and administrative expenses, interest rates, debt levels, funds from operations and the timing of and impact of implementing accounting policies, and Crew's forecasts in respect of production and cash flow for 2012 and resulting year-end net debt may constitute forward looking statements under applicable securities laws and necessarily involve risks including, without limitation, risks associated with oil and gas exploration, development, exploitation, 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, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, the inability to fully realize the benefits of acquisitions, delays resulting from or inability to obtain required regulatory approvals and inability to access sufficient capital from internal and external sources. As a consequence, the Company's actual results may differ materially from those expressed in, or implied by, the forward looking statements. Forward looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although Crew believes that the expectations reflected in such forward looking statements or information are reasonable, undue reliance should not be placed on forward looking statements because the Company can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document and other documents filed by the Company, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which Crew operates; the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects which the Company has an interest in to operate the field in a safe, efficient and effective manner; Crew's ability to obtain financing on acceptable terms; field production rates and decline rates; the ability to reduce operating costs; the ability to replace and expand oil and natural gas reserves through acquisition, development or exploration; the timing and costs of pipeline, storage and facility construction and expansion; the ability of the Company to secure adequate product transportation; future petroleum and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Company operates; and Crew's ability to successfully market its petroleum and natural gas products. 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 document are made as at the date of this document 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 wellhead nor at the plant gate which is where Crew sells its production volumes and therefore may be a misleading measure, particularly if used in isolation. Given that the value ratio based on the current

price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a 6:1 conversion may be misleading as an indication of value.

Non-IFRS Measures

Funds from Operations

One of the benchmarks Crew uses to evaluate its performance is funds from operations. Funds from operations is a measure not defined in IFRS that is commonly used in the oil and gas industry. It represents cash provided by operating activities before changes in non-cash working capital, decommissioning obligation expenditures, the transportation liability charge and acquisition costs. The Company considers it a key measure as it demonstrates the ability of the Company's continuing operations 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 provided by operating activities as determined in accordance with IFRS 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. The following table reconciles Crew's cash provided by operating activities to funds from operations:

	Three months ended		Nine months ended	
($ thousands)	**Sept 30, 2012**	Sept 30, 2011	**Sept 30, 2012**	Sept 30, 2011
Cash provided by operating activities	**46,935**	54,095	**162,718**	113,460
Decommissioning obligation expenditures	**750**	540	**1,300**	661
Transportation liability charge	**–**	104	**–**	308
Acquisition costs [1]	**–**	455	**–**	2,605
Change in non-cash working capital	**(8,275)**	(934)	**(24,524)**	(9,772)
Funds from operations	**39,410**	54,260	**139,494**	107,262

(1) This amount relates to costs incurred for the Caltex acquisition that closed on July 1, 2011.

Operating Netback

Management uses certain industry benchmarks such as operating netback to analyze financial and operating performance. This benchmark as presented does not have any standardized meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures for other entities. Operating netback equals total petroleum and natural gas sales including realized gains and losses on commodity derivative contracts less royalties, operating costs and transportation costs calculated on a boe basis. Management considers operating netback an important measure to evaluate its operational performance as it demonstrates its field level profitability. The calculation of Crew's netbacks can be seen in the Operating Netbacks section.

Working Capital and Net Debt

The Company closely monitors its capital structure with a goal of maintaining a strong balance sheet in order to fund the future growth of the Company. Crew monitors working capital and net debt as part of its capital structure. Working capital and net debt do not have a standardized meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures for other entities. The following tables outline Crew's calculation of working capital and net debt:

($ thousands)	**September 30, 2012**	December 31, 2011
Current assets	**47,730**	79,117
Current liabilities	**(97,423)**	(192,744)
Fair value of financial instruments	**7,849**	21,175
Working capital deficit	**(41,844)**	(92,452)

($ thousands)	**September 30, 2012**	December 31, 2011
Bank loan	**(330,858)**	(230,676)
Working capital deficit	**(41,844)**	(92,452)
Net debt	**(372,702)**	(323,128)

RESULTS OF OPERATIONS

Production

	Three months ended September 30, 2012					Three months ended September 30, 2011				
	Conv. Oil (bbl/d)	**Heavy Oil (bbl/d)**	**Ngl (bbl/d)**	**Nat. gas (mcf/d)**	**Total (boe/d)**	Conv. Oil (bbl/d)	Heavy Oil (bbl/d)	Ngl (bbl/d)	Nat. gas (mcf/d)	Total (boe/d)
Alberta	**4,968**	**14**	**1,927**	**37,873**	**13,222**	4,795	8	1,618	41,747	13,379
British Columbia	**242**	**–**	**1,226**	**37,601**	**7,735**	115	–	1,003	37,796	7,417
Saskatchewan	**–**	**5,209**	**–**	**695**	**5,324**	–	6,625	–	535	6,714
Total	**5,210**	**5,223**	**3,153**	**76,169**	**26,281**	4,910	6,633	2,621	80,078	27,510

In the third quarter of 2012, production decreased 4% compared to the same period in 2011 as a result of declines in heavy oil production in the Lloydminster area and shut-in uneconomic natural gas production. The heavy oil declines were related to reduced pressure in the Waseca formation at Low Lake. Subsequently, the Company has initiated a pressure maintenance scheme to offset these declines. These production decreases were partially offset by a successful drilling program adding conventional oil production in Princess, Alberta and liquids rich natural gas production in Wapiti, Alberta and Septimus, British Columbia.

	Nine months ended September 30, 2012					Nine months ended September 30, 2011				
	Conv. Oil (bbl/d)	**Heavy Oil (bbl/d)**	**Ngl (bbl/d)**	**Nat. gas (mcf/d)**	**Total (boe/d)**	Conv. Oil (bbl/d)	Heavy Oil (bbl/d)	Ngl (bbl/d)	Nat. gas (mcf/d)	Total (boe/d)
Alberta	**5,654**	**10**	**1,729**	**41,355**	**14,285**	5,270	3	809	28,735	10,871
British Columbia	**317**	**–**	**1,294**	**38,679**	**8,057**	114	–	903	34,483	6,764
Saskatchewan	**–**	**5,796**	**–**	**831**	**5,935**	–	2,232	–	180	2,262
Total	**5,971**	**5,806**	**3,023**	**80,865**	**28,277**	5,384	2,235	1,712	63,398	19,897

Production for the first nine months of 2012 has increased over the same period in 2011 as a result of the acquisition of Caltex Energy Inc. ("Caltex") on July 1, 2011 combined with the aforementioned successful drilling program in Princess, Wapiti and Septimus.

Revenue

	Three months ended		Nine months ended	
	Sept 30, 2012	Sept 30, 2011	**Sept 30, 2012**	Sept 30, 2011
Revenue *($ thousands)*				
Conventional oil	**32,880**	32,233	**120,907**	109,539
Heavy oil	**29,406**	38,847	**101,643**	38,847
Natural gas liquids	**12,975**	14,874	**42,350**	28,884
Natural gas	**17,008**	28,765	**50,390**	68,833
Total	**92,269**	114,719	**315,290**	246,103
Crew average prices				
Conventional oil ($/bbl)	**68.58**	71.36	**73.90**	74.53
Heavy oil ($/bbl)	**61.20**	63.66	**63.89**	63.66
Natural gas liquids ($/bbl)	**44.73**	61.69	**51.13**	61.81
Natural gas ($/mcf)	**2.43**	3.90	**2.27**	3.98
Oil equivalent ($/boe)	**38.16**	45.33	**40.69**	45.31
Benchmark pricing				
Conv. and heavy oil – WCS (Cdn $/bbl)	**70.02**	70.63	**74.30**	74.31
Oil and ngl – Cdn$ WTI (Cdn $/bbl)	**91.69**	87.89	**96.35**	93.28
Natural Gas – AECO C daily index (Cdn $/mcf)	**2.32**	3.71	**2.15**	3.82

Crew's third quarter 2012 revenue decreased 20% compared to the third quarter of 2011 as a result of the decrease in production combined with a decrease in the Company's realized commodity prices. During the third quarter of 2012, both the Company's conventional and heavy oil prices decreased 4% compared to the third quarter of 2011 which was comparable to the decrease in the Western Canadian Select ("WCS") benchmark price. The Company's ngl price decreased 27% as compared with a 4% increase in the Cdn$ West Texas Intermediate ("WTI") benchmark price due to increased production of lower valued ethane and a decrease in the price of ethane and propane which is not factored into the Company's benchmark comparison. During the third quarter, the Company's natural gas price decreased 38% over the same period in 2011 which was equivalent with the decrease in the AECO benchmark price decrease.

For the first nine months of 2012, the Company's realized conventional and heavy oil prices remained consistent with the same period in 2011 which was comparable with the minor change in the WCS benchmark. The Company's realized ngl price decreased 17% over the same period in 2011 compared to an increase in the Cdn$ WTI benchmark due to the previously mentioned additional ethane volumes and a decrease in the price of ethane and propane which is not factored into the Company's benchmark pricing. For the first nine months of 2012, the Company's natural gas price decreased 43% as compared to a 44% decrease in the AECO benchmark price.

Royalties

	Three months ended		Nine months ended	
($ thousands, except per boe)	**Sept 30, 2012**	Sept 30, 2011	**Sept 30, 2012**	Sept 30, 2011
Royalties	**18,198**	25,897	**71,752**	56,827
Per boe	**7.53**	10.23	**9.26**	10.46
Percentage of revenue	**19.7%**	22.6%	**22.8%**	23.1%

Royalties as a percentage of revenue decreased during the third quarter of 2012 as compared with the same period in 2011 due to lower natural gas prices which decrease the royalty rate combined with a fixed gas cost allowance provision. In addition, lower production of heavy oil which attracts a higher royalty rate has decreased the Company's royalties as a percentage of revenue during the third quarter. For the first nine months of 2012, the Company's corporate royalty rate decreased over the same period in 2011 due to the aforementioned decrease in pricing, gas cost allowance credits and decreased heavy oil production. Due to lower natural gas royalty rates, Crew has reduced its forecast for 2012 average royalty rates to 22%.

Financial Instruments

Commodities

The Company enters into derivative and physical 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 focuses on the use of puts, costless collars, swaps and fixed price contracts to limit exposure to fluctuations in commodity prices, interest rates and foreign exchange rates 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. In 2012, these contracts had the following impact on the consolidated statements of income and comprehensive income:

	Three months ended		Nine months ended	
($ thousands)	**Sept 30, 2012**	Sept 30, 2011	**Sept 30, 2012**	Sept 30, 2011
Realized gain on financial instruments	**3,692**	2,180	**20,313**	2,195
Unrealized gain (loss) on financial instruments	**(15,676)**	17,025	**10,727**	16,762

As at September 30, 2012, the Company held derivative commodity contracts as follows:

Subject of Contract	Notional Quantity	Remaining Term	Reference	Average Strike Price	Contract Traded	Fair Value ($000s)
Oil	3,500 bbl/day	October 1, 2012 –December 31, 2012	CDN$ WTI	$100.36	Swap	2,433
Oil	3,000 bbl/day	October 1, 2012 – December 31, 2012	CDN$ WTI	$86.67 – 96.24	Collar	96
Oil	5,000 bbl/day	October 1, 2012 – December 31, 2012	CDN$ WCS – WTI diff	($15.88)	Swap	(601)
Oil	3,500 bbl/day	January 1, 2013 – December 31, 2013	CDN$ WTI	$91.11	Swap	(2,089)
Oil	750 bbl/day	January 1, 2013 – December 31, 2013	CDN$ WTI	$92.60	Call	(2,225)
Oil	1,000 bbl/day	January 1, 2013 – December 31, 2013	US$ WTI	$89.84	Call	(4,175)
Oil	1,000 bbl/day	January 1, 2013 – December 31, 2013	US$ WTI	$107.23	Swaption[(1)]	(405)
Oil	250 bbl/day	January 1, 2013 – December 31, 2013	CDN$ WTI	$85.00 – 100.00	Collar [(2)]	323
Natural Gas	25,000 gj/day	October 1, 2012 – December 31, 2012	AECO C monthly Index	$1.87/gj	Swap	(2,109)
Natural Gas	27,500 gj/day	January 1, 2013 – December 31, 2013	AECO C Monthly Index	$3.04/gj	Swap	(1,727)
Natural Gas	5,000 gj/day	January 1, 2013 – December 31, 2013	AECO C Monthly Index	$2.65 – 3.50/gj	Collar	(208)
US$ / CAD$ exchange	Sell US $2.0 mm per month	October 1, 2012 – December 31, 2012	CDN$/US$	1.05	Swap	397
US$ / CAD$ exchange	Buy US $1.0 mm per month	October 1, 2012 – December 31, 2012	CDN$/US$	1.04	Swap	(158)
Total						**(10,448)**

(1) The counter-party to these contracts holds a one-time option at December 31, 2012 to extend a swap on 1,000 bbl/d of oil at an average of WTI US$107.23.

(2) The referenced contract has a fade-in collar whereby it is priced at $100/bbl unless the price falls below $85/bbl in which the price received will be $85/bbl.

Operating Costs

	Three months ended		Nine months ended	
($ thousands, except per boe)	**Sept 30, 2012**	Sept 30, 2011	**Sept 30, 2012**	Sept 30, 2011
Operating costs	**27,120**	27,303	**89,742**	60,754
Per boe	**11.22**	10.79	**11.58**	11.18

In the third quarter of 2012 the Company's operating costs per unit increased over the same period in 2011 due to increased chemical and well optimization costs in the Lloydminster area combined with lower natural gas and heavy oil production to offset fixed costs. These incremental per unit costs were partially offset by decreased fluid handling, rental and fuel costs in the Princess area. For the first nine months of 2012, operating costs per boe have increased as compared with the same period in 2011 due to the addition of higher cost heavy oil production from the acquisition of Caltex. Crew continues to forecast operating costs to average between $11.50 and $12.00 for 2012.

Transportation Costs

	Three months ended		Nine months ended	
($ thousands, except per boe)	**Sept 30, 2012**	Sept 30, 2011	**Sept 30, 2012**	Sept 30, 2011
Transportation costs	**3,406**	3,598	**10,763**	9,265
Per boe	**1.41**	1.42	**1.39**	1.71

In the third quarter and first nine months of 2012, the Company's transportation costs per boe decreased compared to the same periods in 2011 due to a new Princess oil sales pipeline becoming operational in the first quarter of 2012 combined with the addition of lower transportation cost per unit production from the Caltex acquisition. The Company continues to forecast transportation costs per unit to range between $1.30 and $1.55 per boe for 2012.

Operating Netbacks

	Three months ended		Nine months ended	
($/boe)	**Sept 30, 2012**	Sept 30, 2011	**Sept 30, 2012**	Sept 30, 2011
Revenue	**38.16**	45.33	**40.69**	45.31
Realized commodity hedging gain	**1.53**	0.86	**2.62**	0.40
Royalties	**(7.53)**	(10.23)	**(9.26)**	(10.46)
Operating costs	**(11.22)**	(10.79)	**(11.58)**	(11.18)
Transportation costs	**(1.41)**	(1.42)	**(1.39)**	(1.71)
Operating netbacks	**19.53**	23.75	**21.08**	22.36

General and Administrative Costs

	Three months ended		Nine months ended	
($ thousands, except per boe)	**Sept 30, 2012**	Sept 30, 2011	**Sept 30, 2012**	Sept 30, 2011
Gross costs	**7,061**	5,976	**22,918**	14,571
Operator's recoveries	**(136)**	(150)	**(1,077)**	(370)
Capitalized costs	**(2,676)**	(2,034)	**(8,013)**	(4,786)
General and administrative expenses	**4,249**	3,792	**13,828**	9,415
Per boe	**1.76**	1.50	**1.78**	1.73

In the third quarter and first nine months of 2012, increased general and administrative costs were the result of increased staff levels and additional office space to accommodate the Company's growth. The Company expects general and administrative expenses to average between $1.60 and $1.80 per boe for 2012.

Finance Expenses

	Three months ended		Nine months ended	
($ thousands, except per boe)	**Sept 30, 2012**	Sept 30, 2011	**Sept 30, 2012**	Sept 30, 2011
Interest on bank debt	**3,578**	2,049	**10,024**	4,775
Accretion of the decommissioning obligation	**681**	737	**1,991**	1,743
Acquisition costs	**–**	455	**–**	2,605
Total finance expense	**4,259**	3,241	**12,015**	9,123
Average debt level	**340,616**	155,053	**319,159**	118,329
Effective interest rate on bank debt	**4.2%**	5.2%	**4.2%**	5.4%
Interest on bank debt per boe	**1.48**	0.81	**1.29**	0.88

In the third quarter of 2012 and first nine months of 2012, higher average debt levels from the acquisition of Caltex and increased capital spending over the past twelve months have increased the Company's interest expense. The effective interest rate on the Company's bank debt decreased due to a lower prime rate combined with lower stamping fees and decreased standby fees on the Company's bank facility. The Company expects its effective interest rate on bank debt will average 4.0% to 4.5% in 2012.

Share-Based Compensation

	Three months ended		Nine months ended	
($ thousands)	**Sept 30, 2012**	Sept 30, 2011	**Sept 30, 2012**	Sept 30, 2011
Gross costs	**3,546**	4,215	**13,091**	8,927
Capitalized costs	**(1,834)**	(2,023)	**(6,663)**	(4,191)
Total share-based compensation	**1,712**	2,192	**6,428**	4,736

In the third quarter of 2012, the Company's stock-based compensation expense has decreased as compared with the same period in 2011 due to an increase in the amount of forfeitures of stock options during the third quarter of 2012. The Company's share-based compensation has increased for the first nine months of 2012 as compared with the same period

in 2011 due to an increase in the number of stock options outstanding issued for the additional staff added to manage the Company's larger asset base acquired through the purchase of Caltex.

Depletion and Depreciation

	Three months ended		Nine months ended	
($ thousands, except per boe)	**Sept 30, 2012**	Sept 30, 2011	**Sept 30, 2012**	Sept 30, 2011
Depletion and depreciation	**46,931**	51,699	**146,070**	95,793
Per boe	**19.41**	20.43	**18.85**	17.64

Total depletion and depreciation costs per boe have decreased in the third quarter of 2012 as compared with the same period in 2011 due to a lower depletable cost base as a result of the Company's write-down of its assets at December 31, 2011. Depletion and depreciation costs and costs per boe have increased for the first nine months of 2012 compared to the same period in 2011 due to the addition of the fair market value of the Caltex assets at July 1, 2011 which was higher than the Company's pre-acquisition book value per boe for proved plus probable reserves.

Deferred Income Taxes

In the third quarter and first nine months of 2012, the provision for deferred income taxes was a recovery of $4.1 million and an expense of $3.1 million, respectively, compared to an expense of $4.0 million and $5.5 million, respectively for the same periods in 2011 due to higher pre-tax earnings in 2011.

Cash and Funds from Operations and Net Income

	Three months ended		Nine months ended	
($ thousands, except per share amounts)	**Sept 30, 2012**	Sept 30, 2011	**Sept 30, 2012**	Sept 30, 2011
Cash provided by operating activities	**46,935**	54,095	**162,718**	113,460
Funds from operations	**39,410**	54,260	**139,494**	107,262
Per share – basic	**0.33**	0.45	**1.15**	1.12
– diluted	**0.33**	0.45	**1.15**	1.10
Net income (loss)	**(17,947)**	12,232	**(270)**	18,367
Per share – basic	**(0.15)**	0.10	**(0.00)**	0.19
– diluted	**(0.15)**	0.10	**(0.00)**	0.19

The decrease in third quarter cash provided by operating activities and funds from operations was the result of decreased production and commodity pricing. The increase in cash provided by operating activities and funds from operations for the first nine months of 2012 was due to the acquisition of Caltex in July 2011 combined with increased realized hedging gains from the Company's risk management program partially offset by decreased commodity pricing. The third quarter and first nine months of 2012 decrease in net income was the result of a decrease in the unrealized gain on the Company's risk management program.

Capital Expenditures, Acquisitions and Dispositions

During the third quarter of 2012, the Company drilled a total of 26 (24.0 net) oil wells. In addition during the quarter, the Company completed 25 (24.5 net) wells and recompleted 20 (19.3 net) wells within the Princess and Lloydminster areas. The Company continued to add to its infrastructure spending $7.8 million on pipelines and upgrading its batteries and facilities predominantly in the Princess and Lloydminster areas. During the third quarter, the Company also added to its undeveloped land base in the Princess and Lloydminster areas spending approximately $4.5 million on crown land sales and also closed minor dispositions of non-core properties in central Alberta for net proceeds of $5.9 million. Total net capital expenditures are detailed below:

($ thousands)	Three months ended Sept 30, 2012	Three months ended Sept 30, 2011	Nine months ended Sept 30, 2012	Nine months ended Sept 30, 2011
Land	**5,535**	1,299	**9,236**	3,715
Seismic	**255**	2,502	**4,231**	10,678
Drilling, completions and recompletions	**27,821**	103,902	**131,424**	190,437
Facilities, equipment and pipelines	**7,809**	28,032	**49,544**	56,160
Other	**3,023**	2,936	**9,183**	6,031
Total exploration and development	**44,443**	138,671	**203,618**	267,021
Property acquisitions (dispositions)	**(5,872)**	–	**(10,162)**	(12,289)
Total	**38,571**	138,671	**193,456**	254,732

LIQUIDITY AND CAPITAL RESOURCES

Capital Funding

The Company has a credit facility with a syndicate of lending banks (the "Syndicate"). The credit facility includes a revolving line of credit of $400 million and an operating line of credit of $30 million (the "Facility"). The Facility revolves for a 364 day period and will be subject to its next 364 day extension by June 10, 2013. If not extended, the Facility will cease to revolve, the margins thereunder will increase by 0.50 percent and all outstanding balances under the Facility will become repayable in one year. The available lending limits of the Facility are reviewed semi-annually and are based on the Syndicate's interpretation of the Company's reserves and future commodity prices. There can be no assurance that the amount of the available Facility will not be adjusted at the next scheduled borrowing base review on or before December 15, 2012. At September 30, 2012, the Company had drawings of $330.9 million on the Facility and had issued letters of credit totaling $10.3 million.

During the first nine months of 2012, the Company received proceeds of $5.7 million upon the exercise of 839,400 employee stock options.

On May 7, 2012, the Company filed notice with the Toronto Stock Exchange ("TSX") to make a normal course issuer bid to purchase and cancel up to a maximum of 6,038,492 of the outstanding Common Shares of the Company. The bid commenced on May 14, 2012 and will terminate on May 13, 2013. Purchases will be made on the open market through the facilities of the TSX in accordance with its policies and the price which the Company will pay for any Common Shares purchased will be the prevailing market price of the common shares on the TSX at the time of such purchase. As of September 30, 2012, no share re-purchases have been made.

The Company will continue to fund its on-going operations from a combination of cash flow, debt, non-core asset dispositions 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. Working capital deficiency includes accounts receivable less accounts payable and accrued liabilities. The Company maintains sufficient unused bank credit lines to satisfy working capital deficiencies. At September 30, 2012, the Company's working capital deficiency totaled $41.8 million which, when combined with the drawings on its bank line, represented 87% of its bank facility at September 30, 2012.

Share Capital

As at November 7, 2012, Crew had 120,854,644 Common Shares and options to acquire 9,507,950 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. Crew's primary capital management objective is to maintain a strong balance sheet in order to continue to fund the future growth of the Company. Crew monitors its capital structure and makes adjustments on an on-going basis in order to maintain the flexibility needed to achieve the Company's long-term objectives. To manage the capital structure the Company may adjust capital spending, hedge future revenue and costs, issue new equity, issue new debt or repay existing debt through asset sales.

The Company monitors debt levels 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 and net working capital, divided by annualized funds from operations for the most recent quarter.

The Company monitors this ratio and endeavours to maintain it at or below 2.0 to 1.0. This ratio may increase at certain times as a result of acquisitions or low commodity prices. As shown below, as at September 30, 2012, the Company's ratio of net debt to annualized funds from operations was 2.36 to 1 (December 31, 2011 – 1.25 to 1). This ratio has risen above the preferred range of the Company as a result of the substantial decrease in natural gas prices during the first nine months of 2012. It is probable that the ratio will continue to stay slightly above the preferred range in the near term until natural gas prices show additional recovery. In order to maintain the integrity of the Company's financial position, the Company plans to adjust its annual capital expenditure program to approximate funds from operations until natural gas prices recover or an alternative form of financing is consummated.

($ thousands, except ratio)	**September 30, 2012**	December 31, 2011
Working capital deficit	**(41,844)**	(92,452)
Bank loan	**(330,858)**	(230,676)
Net debt	**(372,702)**	(323,128)
Funds from operations for the three months ended September 30, 2012	**39,410**	64,841
Annualized	**157,640**	259,364
Net debt to annualized funds from operations ratio	**2.36**	1.25

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	2012	2013	2014	2015	2016	Thereafter
Bank loan [(1)]	330,858	–	–	330,858	–	–	–
Operating leases	10,238	525	2,231	2,363	2,494	2,625	–
Firm transportation agreements	24,386	767	3,364	3,980	4,021	3,636	8,618
Firm processing agreement	68,549	2,201	8,031	8,926	8,961	8,783	31,647
Total	434,031	3,493	13,626	346,127	15,476	15,044	40,265

(1) Based on the existing terms of the Company's bank facility the first possible repayment date may come in 2014. However, it is expected that the revolving bank facility will be extended and no repayment will be required in the near term.

The operating leases include the Company's contractual obligation to a third party for its five year lease of office space.

The transportation agreements include a commitment to a third party to transport natural gas from a gas processing facility in the Septimus area to the Alliance pipeline system.

The firm processing agreements include a commitment to process natural gas through a third party owned gas processing facility in the Septimus area until 2019. Crew has retained the option to re-purchase a 50% interest in the facility at certain dates prior to January 1, 2014, at a cost of 50% of the total expanded facility's construction cost. If the Company repurchases a 50% interest on January 1, 2014 for approximately $20 million, the remaining commitment would be reduced by approximately $27 million.

GUIDANCE

Crew forecasts production to average between 28,000 and 29,000 boe per day in 2012 which is consistent with previous guidance. Crew has remained disciplined in its capital allocation and expenditures. When natural gas prices dramatically declined, the Company reduced its capital expenditure budget and has dedicated the majority of capital to its oil plays while spending less than funds from operations over the last six months.

A number of projects that were originally planned for the first quarter of 2013 have now been expedited into the fourth quarter of 2012. As a result of the expanded capital program the Company expects to spend approximately $55 million in the fourth quarter with year-end debt estimated at $380 million or 2.1 times estimated trailing funds from operations.

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)	**Sept 30 2012**	June 30 2012	Mar 31 2012	Dec 31 2011	Sept 30 2011	June 30 2011	Mar 31 2011	Dec 31 2010
Total daily production (boe/d)	**26,281**	28,192	30,380	30,034	27,510	16,443	15,607	14,654
Average wellhead price ($/boe)	**38.16**	38.96	44.52	51.41	45.33	46.94	43.53	42.00
Petroleum and natural gas sales	**92,269**	99,946	123,075	142,063	114,719	70,236	61,148	56,620
Cash provided by operations	**46,935**	49,557	66,226	39,969	54,095	32,896	26,469	20,225
Funds from operations	**39,410**	52,027	48,057	64,841	54,260	28,891	24,111	27,449
Per share – basic	**0.33**	0.43	0.40	0.54	0.45	0.34	0.29	0.34
– diluted	**0.33**	0.43	0.40	0.54	0.45	0.33	0.29	0.34
Net income (loss)	**(17,947)**	24,107	(6,430)	(148,529)	12,232	16,261	(10,126)	(14,214)
Per share – basic	**(0.15)**	0.20	(0.05)	(1.24)	0.10	0.19	(0.12)	(0.18)
– diluted	**(0.15)**	0.20	(0.05)	(1.24)	0.10	0.19	(0.12)	(0.18)

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. The Company reduced capital expenditures in the second and third quarters of 2012 in order to maintain financial strength during a period of volatile commodity prices. This impacted production as new production additions were not sufficient to replace corporate declines during this time.

- Production was negatively impacted by scheduled and unscheduled third party facility shutdowns in the second quarters of 2011 and 2012 and poor weather experienced in southern Alberta during the second quarter of 2011. The Company also shut-in approximately 1,200 boe per day of uneconomic natural gas production in the second quarter of 2012.

- Revenue and royalties are significantly impacted by underlying commodity prices. The Company utilizes derivative contracts and forward sales contracts to reduce the exposure to commodity price fluctuations. These contracts can cause volatility in net income as a result of unrealized gains and losses on commodity derivative contracts held for risk management purposes. The Company also monetized certain 2012 WTI to WCS differential hedges in the first quarter of 2012 and certain 2013 WTI hedges in the second quarter of 2012 resulting in realized gains of $3.7 million and $12.1 million, respectively.

- The Company acquired Caltex Energy on July 1, 2011 adding approximately 10,500 boe per day of production at the time of acquisition.
- During 2011 and 2012, the Company has sold non-core assets for proceeds of approximately $36 million. These dispositions in central Alberta resulted in gains on sale of assets of $4.7 million, $7.4 million, $3.5 million and $3.6 million in the second and fourth quarters of 2011 and the second quarter and third quarters of 2012, respectively.
- The Company incurred impairment charges of $10.4 million and $181.9 million primarily on its natural gas weighted CGUs in the fourth quarter of 2010 and the fourth quarter of 2011, respectively.

Future Accounting Pronouncements

The Company has reviewed the following new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company's financial statements:

(a) IFRS-9 Financial Instruments:

As of January 1, 2013, the Company will be required to adopt IFRS-9 Financial Instruments, which is the result of the first phase of the IASB project to replace IAS-39 Financial Instruments: Recognition and Measurement. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has two classification categories: amortized cost and fair value. Portions of the standard remain in development and the full impact of the standard on the Company's financial statements will not be known until the project is complete.

(b) In May, 2011, the IASB released the following new standards which are effective for fiscal years beginning January 1, 2013 with earlier adoption permitted.

(i) IFRS-10 Consolidated Financial Statements, supercedes IAS-27 Consolidation and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities. This standard provides a single model to be applied in control analysis for all investees including special purpose entities.

(ii) IFRS-11 Joint Arrangements, divides joint arrangements into two types, joint operations and joint ventures, each with their own accounting model. All joint arrangements are required to be reassessed on transition to IFRS 11 to determine their type to apply the appropriate accounting.

(iii) IFRS-12 Disclosures of Interests in Other Entities, combines in a single standard the disclosure requirements for subsidiaries, associates and joint arrangements as well as unconsolidated structured entities.

(iv) IFRS-13 Fair Value Measurement, defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. This standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Crew is currently assessing the expected impact, if any, that the adoption of these standards will have on its financial statements.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to the Company is made known to the Company's CEO and CFO by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

The Company's CEO and CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company is required to disclose herein any change

in the Company's internal controls over financial reporting that occurred during the period beginning on July 1, 2012 and ended on September 30, 2012 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting. No material changes in the Company's internal controls over financial reporting were identified during such period that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

It should be noted that a control system, including the Company's disclosure and internal controls and procedures, no matter how well conceived, can provide only reasonable, but not absolute assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

Dated as of November 7, 2012

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited) (thousands)	**September 30, 2012**	December 31, 2011
ASSETS		
Current Assets:		
Accounts receivable	**$ 46,883**	$ 79,117
Fair value of financial instruments (note 8)	**847**	–
	47,730	79,117
Exploration and evaluation assets (note 3)	**59,338**	56,197
Property, plant and equipment (note 4)	**1,767,519**	1,707,405
	$ 1,874,587	$ 1,842,719
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	**$ 88,727**	$ 171,569
Fair value of financial instruments (note 8)	**8,696**	21,175
	97,423	192,744
Fair value of financial instruments (note 8)	**2,599**	–
Bank loan (note 5)	**330,858**	230,676
Decommissioning obligations (note 6)	**107,611**	104,836
Deferred tax liability	**187,405**	184,281
Shareholders' Equity		
Share capital (note 7)	**1,269,874**	1,261,884
Contributed surplus (note 7)	**46,878**	36,089
Deficit	**(168,061)**	(167,791)
	1,148,691	1,130,182
Commitments (note 9)		
	$ 1,874,587	$ 1,842,719

See accompanying notes to the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

	Three months ended		Nine months ended	
(unaudited) (thousands, except per share amounts)	**Sept 30, 2012**	Sept 30, 2011	**Sept 30, 2012**	Sept 30, 2011
Revenue				
Petroleum and natural gas sales	**$ 92,269**	$ 114,719	**$ 315,290**	$ 246,103
Royalties	**(18,198)**	(25,897)	**(71,752)**	(56,827)
Realized gain on financial instruments (note 8)	**3,692**	2,180	**20,313**	2,195
Unrealized gain (loss) on financial instruments (note 8)	**(15,676)**	17,025	**10,727**	16,762
	62,087	108,027	**274,578**	208,233
Expenses				
Operating	**27,120**	27,303	**89,742**	60,754
Transportation	**3,406**	3,598	**10,763**	9,265
General and administrative	**4,249**	3,792	**13,828**	9,415
Share-based compensation	**1,712**	2,192	**6,428**	4,736
Depletion and depreciation	**46,931**	51,699	**146,070**	95,793
	83,418	88,584	**266,831**	179,963
Income (loss) from operations	**(21,331)**	19,443	**7,747**	28,270
Financing	**(4,259)**	(3,241)	**(12,015)**	(9,123)
Gain on divestitures	**3,592**	–	**7,122**	4,697
Income (loss) before income taxes	**(21,998)**	16,202	**2,854**	23,884
Deferred tax expense (recovery)	**(4,051)**	3,970	**3,124**	5,477
Net and comprehensive income (loss)	**$ (17,947)**	$ 12,232	**$ (270)**	$ 18,367
Net income (loss) per share (note 7)				
Basic	**$ (0.15)**	$ 0.10	**$ (0.00)**	$ 0.19
Diluted	**$ (0.15)**	$ 0.10	**$ (0.00)**	$ 0.19

See accompanying notes to the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited) (thousands)	Number of shares	Share capital	Contributed surplus	Deficit	Total Shareholders' equity
Balance January 1, 2012	119,993	$ 1,261,884	$ 36,089	$ (167,791)	$ 1,130,182
Net loss for the period	–	–	–	(270)	(270)
Share-based compensation expensed	–	–	6,428	–	6,428
Share-based compensation capitalized	–	–	6,663	–	6,663
Transfer of share-based compensation on exercises	–	2,302	(2,302)	–	–
Issued on exercise of options	839	5,688	–	–	5,688
Balance September 30, 2012	**120,832**	**$ 1,269,874**	**$ 46,878**	**$ (168,061)**	**$ 1,148,691**

	Number of shares	Share capital	Contributed surplus	Deficit	Total Shareholders' equity
Balance January 1, 2011	80,368	$ 649,768	$ 27,511	$ (37,629)	$ 639,650
Net income for the period	–	–	–	18,367	18,367
Issue of shares	4,820	95,777	–	–	95,777
Shares issued on acquisition	33,606	501,911	–	–	501,911
Share-based compensation expensed	–	–	4,736	–	4,736
Share-based compensation capitalized	–	–	4,191	–	4,191
Transfer of share-based compensation on exercises	–	3,032	(3,032)	–	–
Issued on exercise of options	803	7,419	–	–	7,419
Balance September 30, 2011	119,597	$ 1,257,907	$ 33,406	$ (19,262)	$ 1,272,051

See accompanying notes to the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended		Nine months ended	
(unaudited) (thousands)	**Sept 30, 2012**	Sept 30, 2011	**Sept 30, 2012**	Sept 30, 2011
Cash provided by (used in):				
Operating activities:				
Net income (loss)	**$ (17,947)**	$ 12,232	**$ (270)**	$ 18,367
Adjustments:				
Depletion and depreciation	**46,931**	51,699	**146,070**	95,793
Financing expenses	**4,259**	3,241	**12,015**	9,123
Interest expense	**(3,578)**	(2,049)	**(10,024)**	(4,775)
Acquisition costs	**–**	(455)	**–**	(2,605)
Share-based compensation	**1,712**	2,192	**6,428**	4,736
Deferred tax expense (recovery)	**(4,051)**	3,970	**3,124**	5,477
Unrealized (gain) loss on financial instruments	**15,676**	(17,025)	**(10,727)**	(16,762)
Gain on divestitures	**(3,592)**	–	**(7,122)**	(4,697)
Transportation liability charge	**–**	(104)	**–**	(308)
Decommissioning obligations settled	**(750)**	(540)	**(1,300)**	(661)
Change in non-cash working capital	**8,275**	934	**24,524**	9,772
	46,935	54,095	**162,718**	113,460
Financing activities:				
Increase (decrease) in bank loan	**(29,852)**	40,209	**100,182**	4,100
Issue of common shares	**–**	–	**–**	100,015
Proceeds from exercise of share options	**13**	17	**5,688**	7,419
Share issue costs	**–**	(420)	**–**	(5,664)
	(29,839)	39,806	**105,870**	105,870
Investing activities:				
Exploration and evaluation asset expenditures	**(2,640)**	–	**(5,117)**	(8,819)
Property, plant and equipment expenditures	**(41,803)**	(138,671)	**(198,501)**	(258,202)
Property divestitures	**5,872**	–	**10,162**	12,289
Proceeds on sale of asset held for sale	**–**	–	**–**	15,116
Change in non-cash working capital	**21,475**	44,770	**(75,132)**	20,286
	(17,096)	(93,901)	**(268,588)**	(219,330)
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 condensed interim consolidated financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2012 and 2011

(Unaudited) (Tabular amounts in thousands)

1. REPORTING ENTITY:

Crew Energy Inc. ("Crew" or the "Company") is an oil and gas exploration, development and production Company based in Calgary, Alberta, Canada. Crew conducts its operations in the Western Canadian Sedimentary Basin, in the provinces of Alberta, British Columbia and Saskatchewan. The condensed interim consolidated financial statements (the "financial statements") of the Company as at September 30, 2012 and for the three and nine months ended September 30, 2012 and 2011 are comprised of the Company and its wholly owned subsidiary, Crew Oil and Gas Inc., which are both incorporated in Canada and three partnerships, Crew Energy Partnership, Crew Conventional Partnership and Crew Heavy Oil Partnership which are registered in Canada. The Company conducts many of its activities jointly with others; these financial statements reflect only the Company's proportionate interest in such activities. Crew's principal place of business is located at Suite 800, 250 – 5th Street SW, Calgary, Alberta, Canada, T2P 0R4.

2. BASIS OF PREPARATION:

These financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting of the International Financial Reporting Standards ("IFRS"). The financial statements use the accounting policies which the Company applied in its annual consolidated financial statements for the year ended December 31, 2011. The financial statements do not include certain disclosures that are normally required to be included in annual consolidated financial statements which have been condensed or omitted.

The consolidated financial statements were authorized for issue by the Board of Directors on November 7, 2012.

3. EXPLORATION AND EVALUATION ASSETS:

Cost or deemed cost	Total
Balance, January 1, 2011	$ 72,281
Additions	9,864
Transfer to property, plant and equipment	(25,948)
Balance, December 31, 2011	$ 56,197
Additions	5,117
Transfer to property, plant and equipment	(1,976)
Balance, September 30, 2012	**$ 59,338**

Exploration and evaluation (E&E) assets consist of the Company's exploration projects which are pending the determination of proven or probable reserves. Additions represent the Company's share of costs incurred on E&E assets during the period.

4. PROPERTY, PLANT AND EQUIPMENT:

Cost or deemed cost	Total
Balance, January 1, 2011	$ 1,018,265
Additions	366,010
Transfer from exploration and evaluation assets	25,948
Divestitures	(17,921)
Corporate acquisition	730,302
Change in decommissioning obligations	20,363
Capitalized share-based compensation	5,747
Balance, December 31, 2011	$ 2,148,714
Additions	199,038
Transfer from exploration and evaluation assets	1,976
Divestitures	(4,580)
Change in decommissioning obligations	2,626
Capitalized share-based compensation	6,663
Balance, September 30, 2012	**$ 2,354,437**

Accumulated depletion and depreciation	Total
Balance, January 1, 2011	$ 105,625
Depletion and depreciation expense	155,789
Divestitures	(2,046)
Impairment	181,941
Balance, December 31, 2011	$ 441,309
Depletion and depreciation expense	146,070
Divestitures	(461)
Balance, September 30, 2012	**$ 586,918**

Net book value	Total
Balance, December 31, 2011	$ 1,707,405
Balance, September 30, 2012	**$ 1,767,519**

The calculation of depletion for the period ended September 30, 2012 included estimated future development costs of $644.2 million (December 31, 2011 - $681.4 million) associated with the development of the Company's proved plus probable reserves and excludes salvage value of $90.6 million (December 31, 2011 - $87.0 million) and undeveloped land of $148.1 million (December 31, 2011 - $154.6 million) related to development acreage.

5. BANK LOAN:

The Company's bank facility consists of a revolving line of credit of $400 million and an operating line of credit of $30 million (the "Facility"). The Facility revolves for a 364 day period and will be subject to its next 364 day extension by June 10, 2013. If not extended, the Facility will cease to revolve, the margins thereunder will increase by 0.50 per cent and all outstanding advances thereunder will become repayable in one year. The available lending limits of the Facility are reviewed semi-annually and are based on the bank syndicate's interpretation of the Company's reserves and future commodity prices. There can be no assurance that the amount of the available Facility will not be adjusted at the next scheduled borrowing base review on or before December 15, 2012.

Advances under the Facility are available by way of prime rate loans with interest rates between 1.00 percent and 2.50 percent over the bank's prime lending rate and bankers' acceptances and LIBOR loans, which are subject to stamping fees and margins ranging from 2.00 percent to 3.50 percent depending upon the debt to EBITDA ratio of the Company calculated at the Company's previous quarter end. Standby fees are charged on the undrawn facility at rates ranging from 0.50 percent to 0.875 percent depending upon the debt to EBITDA ratio.

As at September 30, 2012, the Company's applicable pricing included a 1.5 percent margin on prime lending and a 2.5 percent stamping fee and margin on bankers' acceptances and LIBOR loans along with a 0.625 percent per annum standby fee on the portion of the facility that is not drawn. Borrowing margins and fees are reviewed annually as part of the bank syndicate's annual renewal. At September 30, 2012, the Company had issued letters of credit totaling $10.3 million (December 31, 2011 - $10.2 million). The effective interest rate on the Company's borrowings under its bank facility for the period ended September 30, 2012 was 4.2% (2011 – 5.2%).

6. DECOMMISSIONING OBLIGATIONS:

	Nine Months Ended September 30, 2012	Year ended December 31, 2011
Decommissioning obligations, beginning of period	**$ 104,836**	$ 54,828
Obligations incurred	**5,998**	7,781
Obligations settled	**(1,300)**	(1,144)
Obligations divested	**(542)**	(2,498)
Obligations acquired	**–**	30,887
Change in estimated future cash outflows	**(3,372)**	12,582
Accretion of decommissioning liabilities	**1,991**	2,400
Decommissioning obligations, end of period	**$ 107,611**	$ 104,836

The Company's decommissioning obligations result from its ownership interest in oil and natural gas assets including well sites and facilities. The total decommissioning obligation is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities and the estimated timing of the costs to be incurred in future years. The Company has estimated the net present value of the decommissioning obligations to be $107.6 million as at September 30, 2012 (December 31, 2011 – $104.8 million) based on an undiscounted total future liability of $113.2 million (December 31, 2011 – $107.2 million). These payments are expected to be made over the next 25 years with the majority of costs to be incurred between 2015 and 2036. The discount factor, being the risk-free rate related to the liability, is 2.55% (December 31, 2011 – 2.40%).

7. SHARE CAPITAL:

At September 30, 2012, the Company was authorized to issue an unlimited number of common shares with the holders of common shares entitled to one vote per share.

The Company has received approval for the commencement of a Normal Course Issuer Bid from the Toronto Stock Exchange ("TSX"). Under the bid, the Company may purchase for cancellation up to 6,038,492 of its Common Shares, representing approximately 5% of the public float of issued and outstanding shares. Purchases under the bid can be made between May 14, 2012 and May 13, 2013. Purchases will be made on the open market through the facilities of the TSX in accordance with its policies and the price which the Company will pay for any common shares purchased will be the prevailing market price of the common shares on the TSX at the time of such purchase. As of September 30, 2012, no share re-purchases have been made.

Share based payments:

The Company has an option program that entitles officers, directors, employees and certain consultants to purchase shares in the Company. Options are granted at the market price of the shares at the date of grant, have a four year term and vest over three years.

The number and weighted average exercise prices of share options are as follows:

	Number of options	Weighted average exercise price
Balance January 1, 2012	8,224	$ 12.93
Granted	3,168	$ 6.70
Exercised	(839)	$ 6.77
Forfeited	(764)	$ 13.19
Expired	(291)	$ 15.32
Balance at September 30, 2012	**9,498**	**$ 11.30**
Exercisable at September 30, 2012	**2,882**	**$ 12.58**

The following table summarizes information about the stock options outstanding at September 30, 2012:

Range of exercise prices	Outstanding at Sept 30, 2012	Weighted average remaining life (years)	Weighted average exercise price	Exercisable at Sept 30, 2012	Weighted average exercise price
$5.16 to $7.01	3,319	2.8	$ 5.58	787	$ 5.30
$7.02 to $9.94	125	3.2	$ 7.88	15	$ 9.14
$9.95 to $14.63	1,868	3.1	$ 11.35	144	$ 11.79
$14.64 to $18.47	4,186	2.1	$ 15.91	1,936	$ 15.62
	9,498	2.6	$ 11.30	2,882	$ 12.58

The fair value of the options was estimated using a Black Scholes model with the following weighted average inputs:

	Three months ended		Nine months ended	
Assumptions	**Sept 30, 2012**	Sept 30, 2011	**Sept 30, 2012**	Sept 30, 2011
Risk free interest rate (%)	**1.2**	1.9	**1.4**	2.2
Expected life (years)	**4.0**	4.0	**4.0**	4.0
Expected volatility (%)	**62**	60	**61**	60
Forfeiture rate (%)	**15.9**	16.7	**16.5**	16.4
Weighted average fair value of options	**$3.35**	$6.76	**$3.16**	$7.77

Income per share:

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 September 30, 2012 was 120,830,000 (2011 – 119,595,000) and for the nine month period ended September 30, 2012, the weighted average number of shares outstanding was 120,768,000 (2011 – 96,069,000).

In computing the diluted income per share for the three month period ended September 30, 2012, nil (2011 – 1,091,000) shares were added to the weighted average common shares outstanding to account for the dilution of stock options and for the nine month period ended September 30, 2012, nil (2011 – 1,334,000) shares were added to the weighted average common shares for the dilution. There were 9,498,000 (2011 – 2,145,000) stock options that were not included in the diluted income per share calculation because they were anti-dilutive.

8. FINANCIAL RISK MANAGEMENT:

(a) Derivative contracts:

It is the Company's policy to economically hedge some oil and natural gas sales through the use of various financial derivative forward sales contracts and physical sales contracts. The Company does not apply hedge accounting for these contracts. The Company's production is usually sold using "spot" or near term contracts, with prices fixed at the time of transfer of custody or on the basis of a monthly average market price. The Company, however, may give consideration in certain circumstances to the appropriateness of entering into long term, fixed price marketing contracts. The Company does not enter into commodity contracts other than to meet the Company's expected sale requirements.

The fair value of options and costless collars is based on option models that use published information with respect to volatility, prices and interest rates. These instruments are considered level two under the fair value hierarchy. The fair value of forward contracts and swaps is determined by discounting the difference between the contracted prices and published forward price curves as at the date of the statement of financial position, using the remaining contracted oil and natural gas volumes and a risk-free interest rate (based on published government rates).

At September 30, 2012 the Company held derivative contracts as follows:

Subject of Contract	Notional Quantity	Remaining Term	Reference	Average Strike Price	Contract Traded	Fair Value ($000s)
Oil	3,500 bbl/day	October 1, 2012 – December 31, 2012	CDN$ WTI	$100.36	Swap	2,433
Oil	3,000 bbl/day	October 1, 2012 – December 31, 2012	CDN$ WTI	$86.67 – 96.24	Collar	96
Oil	5,000 bbl/day	October 1, 2012 – December 31, 2012	CDN$ WCS – WTI diff	$(15.88)	Swap	(601)
Oil	3,500 bbl/day	January 1, 2013 – December 31, 2013	CDN$ WTI	$91.11	Swap	(2,089)
Oil	750 bbl/day	January 1, 2013 – December 31, 2013	CDN$ WTI	$92.60	Call	(2,225)
Oil	1,000 bbl/day	January 1, 2013 – December 31, 2013	US$ WTI	$89.84	Call	(4,175)
Oil	1,000 bbl/day	January 1, 2013 – December 31, 2013	US$ WTI	$107.23	Swaption(1)	(405)
Oil	250 bbl/day	January 1, 2013 – December 31, 2013	CDN$ WTI	$85.00 – 100.00	Collar (2)	323
Natural Gas	25,000 gj/day	October 1, 2012 – December 31, 2012	AECO C monthly Index	$1.87	Swap	(2,109)
Natural Gas	27,500 gj/day	January 1, 2013 – December 31, 2013	AECO C Monthly Index	$3.04	Swap	(1,727)
Natural Gas	5,000 gj/day	January 1, 2013 – December 31, 2013	AECO C Monthly Index	$2.65 – 3.50	Collar	(208)
US$ / CAD$ exchange	Sell US $2.0 mm per month	October 1, 2012 – December 31, 2012	CDN$/US$	1.05	Swap	397
US$ / CAD$ exchange	Buy US $1.0 mm per month	October 1, 2012 – December 31, 2012	CDN$/US$	1.04	Swap	(158)
Total						(10,448)

(1) The counter-party to these contracts holds a one-time option at December 31, 2012 to extend a swap on 1,000 bbl/d of oil at an average of WTI US$107.23.

(2) The referenced contract has a fade-in collar whereby it is priced at $100/bbl unless the price falls below $85/bbl in which the price received will be $85/bbl.

As at September 30, 2012, a 10% decrease in the market price outlined in the contracts above would result in a $16.5 million increase in income.

(b) 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, the bank loan, and shareholders' equity. Crew's primary capital management objective is to maintain a strong financial position in order to continue to fund the future growth of the Company. Crew monitors its capital structure and makes adjustments on an on-going basis in order to maintain the flexibility needed to achieve the Company's long-term objectives. To manage the capital structure the Company may adjust capital spending, hedge future revenue and costs, issue new equity, issue new debt or repay existing debt through non-core asset sales.

The Company monitors debt levels 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 and net working capital, divided by annualized funds from operations for the most recent quarter.

The Company monitors this ratio and endeavours to maintain it at or below 2.0 to 1.0 in a normalized commodity price environment. This ratio may increase at certain times as a result of acquisitions or low commodity prices. As shown below, as at September 30, 2012 the Company's ratio of net debt to annualized cash flow was 2.36 to 1 (December 31, 2011 – 1.25 to 1). The ratio has risen above the preferred range of the Company as a result of continuing low natural gas prices. It is probable that the ratio will continue to stay slightly above the preferred range in the near term until natural gas prices show additional recovery. In order to maintain the integrity of the Company's financial position, the Company plans to adjust its capital expenditure program to approximate funds from operations until natural gas prices recover or an alternative form of financing is consummated. There were no changes in the Company's approach to capital management during the period.

	September 30, 2012	December 31, 2011
Net debt:		
Accounts receivable	**$ 46,883**	$ 79,117
Accounts payable and accrued liabilities	**(88,727)**	(171,569)
Working capital deficiency	**$ (41,844)**	$ (92,452)
Bank loan	**(330,858)**	(230,676)
Net debt	**$ (372,702)**	$ (323,128)
Annualized funds from operations:		
Cash provided by operating activities	**$ 46,935**	$ 39,969
Decommissioning obligations settled	**750**	483
Transportation liability charge	**–**	35
Change in non-cash working capital	**(8,275)**	24,354
Funds from operations	**39,410**	64,841
Annualized	**$ 157,640**	$ 259,364
Net debt to annualized funds from operations	**2.36**	1.25

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The credit facilities are subject to a semi-annual review of the borrowing base which is directly impacted by the value of the oil and natural gas reserves.

9. COMMITMENTS:

($ thousands)	Total	2012	2013	2014	2015	2016	Thereafter
Operating leases	10,238	525	2,231	2,363	2,494	2,625	–
Firm transportation agreements	24,386	767	3,364	3,980	4,021	3,636	8,618
Firm processing agreement	68,549	2,201	8,031	8,926	8,961	8,783	31,647
Total	103,173	3,493	13,626	15,269	15,476	15,044	40,265

The operating leases include the Company's contractual obligation to a third party for its five year lease of office space.

The transportation agreements include a commitment to a third party to transport natural gas from a gas processing facility in the Septimus area to the Alliance pipeline system.

The firm processing agreements include a commitment to process natural gas through a third party owned gas processing facility in the Septimus area until 2019. Crew has retained the option to re-purchase a 50% interest in the facility at certain dates prior to January 1, 2014, at a cost of 50% of the total expanded facility's construction cost. If the Company re-purchases a 50% interest on January 1, 2014 for approximately $20 million, the remaining commitment would be reduced by approximately $27 million.

CAUTIONARY STATEMENTS

Forward-looking information and statements

This report contains certain forward–looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" "forecast" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this report contains forward-looking information and statements pertaining to the following: the volume and product mix of Crew's oil and gas production; production estimates including 2012 forecast average production; plans to shut-in production; future oil and natural gas prices and Crew's commodity risk management programs; future liquidity and financial capacity; projected debt levels; future results from operations and operating metrics; management's expectations in regards to waterfloods at Princess; anticipated reductions in operating costs; future costs, expenses and royalty rates; future interest costs; the exchange rate between the $US and $Cdn; future development, exploration, acquisition and development activities and related capital expenditures and the timing thereof; the number of wells to be drilled, completed and tied-in and the timing thereof; the number of potential drilling locations; the amount and timing of capital projects; operating costs; the total future capital associated with development of reserves and resources; and methods of funding our capital program.

Forward-looking statements or information are based on a number of material factors, expectations or assumptions of Crew which have been used to develop such statements and information but which may prove to be incorrect. Although Crew believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because Crew can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which Crew operates; the timely receipt of any required regulatory approvals; the ability of Crew to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects in which Crew has an interest in to operate the field in a safe, efficient and effective manner; the ability of Crew to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration; the timing and cost of pipeline, storage and facility construction and expansion and the ability of Crew to secure adequate product transportation; future commodity prices; currency, exchange and interest rates; regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Crew operates; the ability of Crew to successfully market its oil and natural gas products. Included herein is an estimate of Crew's year-end net debt based on assumptions as to cash flow, capital spending in 2012 and the other assumptions utilized in arriving at Crew's 2012 capital budget. To the extent such estimate constitutes a financial outlook, it is included herein to provide readers with an understanding of estimated capital expenditures and the effect thereof on debt levels and readers are cautioned that the information may not be appropriate for other purposes.

The forward-looking information and statements included in this report are not guarantees of future performance and should not be unduly relied upon. Such information and statements, including the assumptions made in respect thereof, involve known and unknown risks, uncertainties and other factors that may cause actual results or events to defer materially from those anticipated in such forward-looking information or statements including, without limitation: changes in commodity prices; changes in the demand for or supply of Crew's products; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of Crew or by third party operators of Crew's properties, increased debt levels or debt service requirements; inaccurate estimation of Crew's oil and gas reserve and resource volumes; limited, unfavourable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time-to-time in Crew's public disclosure documents (including, without limitation, those risks identified in this report and Crew's Annual Information Form).

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

BOE equivalent

Barrel of oil equivalents or BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different than the energy equivalency of 6:1, utilizing a 6:1 conversion basis may be misleading as an indication of value.

Test Results and Initial Production Rates

A pressure transient analysis or well-test interpretation has not been carried out and thus certain of the test results provided herein should be considered to be preliminary until such analysis or interpretation has been completed. Test results and initial production rates disclosed herein may not necessarily be indicative of long term performance or of ultimate recovery.

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

CORPORATE INFORMATION

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KPMG LLP

BANKERS

Toronto-Dominion Bank

Canadian Imperial Bank of Commerce

Union Bank

Bank of Montreal

Bank of Nova Scotia

Alberta Treasury Branches

National Bank of Canada

LEGAL COUNSEL

Burnet, Duckworth & Palmer LLP

RESERVE ENGINEERS

GLJ Petroleum Consultants

TRANSFER AGENT

Valiant Trust Company

EXCHANGE LISTING

Toronto Stock Exchange
Stock Symbol: **CR**

BOARD OF DIRECTORS

John A. Brussa, Chairman
Independent Director

Jeffery E. Errico
Independent Director

Dennis L. Nerland
Independent Director

Dale O. Shwed
President, Crew Energy Inc.

David G. Smith
Independent Director

OFFICERS

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President and Chief Executive Officer

John G. Leach, CA
Senior Vice President and
Chief Financial Officer

Ken Truscott
Senior Vice President, Business
Development and Land

Rob Morgan, P.Eng.
Senior Vice President and
Chief Operating Officer

Kurtis Fischer
Vice President, Production

Gary P. Smith
Vice President, Exploration

Shawn A. Van Spankeren, CMA
Vice President, Finance and Controller

Michael D. Sandrelli
Secretary Partner, Burnet,
Duckworth & Palmer LLP

ABBREVIATIONS

bbl	barrels
bbl/d	barrels per day
bcf	billion cubic feet
boe	barrels of oil equivalent (6 mcf: 1 bbl)
bopd	barrels of oil per day
mmbtu	million British thermal units
mboe	thousand barrels of oil equivalent (6 mcf: 1 bbl)
mmboe	million barrels of oil equivalent (6 mcf: 1 bbl)
mcf	thousand cubic feet
mcf/d	thousand cubic feet per day
mmcf	million cubic feet
mmcf/d	million cubic feet per day
ngl	natural gas liquids