crew energy inc.

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# Q3 2013

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Crew Energy Inc. ("Crew" or the "Company") is pleased to present its operating and financial results for the three and nine month periods ended September 30, 2013.

## HIGHLIGHTS

- Funds from operations were $42.0 million or $0.35 per share, a 6% increase over the third quarter of 2012. Excluding the impact of the Company's hedging program, funds from operations were $51.6 million or $0.42 per share;
- Third quarter production was 28,016 boe per day or 7% higher than the third quarter of 2012 and 3% higher than the second quarter of 2013;
- The Company closed the acquisition of 81 sections of Montney rights in northeast British Columbia increasing the Company's land position to 377 net sections adding 15 TCFE of Total Petroleum Initially in Place ("TPIIP") bringing the Company's total independently evaluated Montney resource to 91 TCFE as previously reported in the Company's July 9, 2013 press release;
- Crew extended the condensate rich window of the Montney formation with its last four wells drilled, which, after three to nine day in line production test periods, produced at an average rate per well of 8.8 mmcf per day with 334 bbls per day of condensate at an average flowing casing pressure of 2,168 psi;
- We completed the expansion of the Septimus gas plant ahead of schedule and on budget with the Company continuing the front-end engineering work on realizing 180 mmcf per day of processing capacity from the area over the next four years;
- An active third quarter drilling program has allowed the Company to ramp up production at Lloydminster to over 6,500 boe per day and at Septimus, from 6,000 boe per day in January to over 9,000 boe per day currently;
- Subsequent to the end of the quarter, Crew completed a $150 million senior unsecured note offering.

| Financial<br>*($ thousands, except per share amounts)* | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| **Petroleum and natural gas sales** | **118,173** | 92,269 | **320,233** | 315,290 |
| **Funds from operations** (1) | **42,035** | 39,410 | **124,310** | 139,494 |
| Per share – basic | **0.35** | 0.33 | **1.02** | 1.16 |
| – diluted | **0.35** | 0.33 | **1.02** | 1.15 |
| **Net income (loss)** | **(843)** | (17,947) | **(20,882)** | (270) |
| Per share – basic | **(0.01)** | (0.15) | **(0.17)** | (0.00) |
| – diluted | **(0.01)** | (0.15) | **(0.17)** | (0.00) |
| **Exploration and Development expenditures** | **68,435** | 44,443 | **164,035** | 203,618 |
| **Property acquisitions (net of dispositions)** | **33,203** | (5,872) | **42,149** | (10,162) |
| **Net capital expenditures** | **101,638** | 38,571 | **206,184** | 193,456 |

| Capital Structure<br>*($ thousands)* | **As at Sept 30, 2013** | As at Dec 31, 2012 |
|---|---|---|
| **Working capital deficiency** (2) | **38,185** | 48,522 |
| **Bank loan** | **338,908** | 242,834 |
| **Net debt** | **377,093** | 291,356 |
| **Bank facility** | **430,000** | 400,000 |
| **Common Shares Outstanding** *(thousands)* | **121,635** | 121,620 |

(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 September 30 2013 | 2012 | Nine months ended September 30 2013 | 2012 |
|---|---|---|---|---|
| **Daily production** (1) | | | | |
| Princess and other oil (bbl/d) | **3,910** | 5,210 | **4,465** | 5,971 |
| Lloydminster oil (bbl/d) | **6,030** | 5,223 | **5,819** | 5,806 |
| Natural gas liquids (bbl/d) | **2,912** | 3,153 | **2,993** | 3,023 |
| Natural gas (mcf/d) | **90,981** | 76,169 | **82,547** | 80,865 |
| Oil equivalent (boe/d @ 6:1) | **28,016** | 26,281 | **27,035** | 28,277 |
| **Average prices** (1 & 2) | | | | |
| Princess and other oil ($/bbl) | **90.40** | 68.58 | **75.62** | 73.90 |
| Lloydminster oil ($/bbl) | **83.80** | 61.20 | **67.99** | 63.89 |
| Natural gas liquids ($/bbl) | **58.24** | 44.73 | **54.90** | 51.13 |
| Natural gas ($/mcf) | **2.82** | 2.43 | **3.34** | 2.27 |
| Oil equivalent ($/boe) | **45.85** | 38.16 | **43.39** | 40.69 |
| **Netback** ($/boe) | | | | |
| Revenue | **45.85** | 38.16 | **43.39** | 40.69 |
| Realized commodity hedging gain (loss) | **(3.71)** | 1.53 | **(2.05)** | 2.62 |
| Royalties | **(10.31)** | (7.53) | **(8.80)** | (9.26) |
| Operating costs | **(11.21)** | (11.22) | **(11.32)** | (11.58) |
| Transportation costs | **(1.29)** | (1.41) | **(1.27)** | (1.39) |
| Operating netback (3) | **19.33** | 19.53 | **19.95** | 21.08 |
| G&A | **(1.66)** | (1.76) | **(1.85)** | (1.78) |
| Interest on bank debt | **(1.35)** | (1.48) | **(1.26)** | (1.29) |
| Funds from operations | **16.32** | 16.29 | **16.84** | 18.01 |
| **Drilling Activity** | | | | |
| Gross wells | **37** | 26 | **79** | 89 |
| Working interest wells | **36.3** | 24.0 | **76.1** | 83.4 |
| Success rate, net wells | **97%** | 100% | **99%** | 99% |

(1) Princess, Alberta oil (20° to 26° API oil) has historically been classified as medium or conventional oil. Effective December 31, 2012 Crew's reserves attributable to its Princess property have been classified as heavy oil to accord with definitions in the royalty regulations in Alberta. Princess and other oil production and pricing are shown separately from Lloydminster heavy oil volumes for clarity and comparison with historical classification.

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

(3) 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

Third quarter production averaged 28,016 boe per day slightly ahead of Crew's 2013 budget plan and 3.3% over the second quarter. The successful installation of the fourth compressor at Septimus late in the third quarter combined with positive third quarter drilling results in Septimus, Lloydminster and Princess has resulted in field estimated production levels averaging 29,000 boe per day in the last two weeks of October, on track with our long-term growth plan.

Capital focus for the quarter was on exploiting the Company's heavy oil asset base, continuing to grow the Company's drilled inventory of Septimus wells to feed the gas plant expansion, continued refining of the Company's Septimus well completion programs to reduce costs and improve performance and increasing Crew's inventory of high quality Montney land. Exploration and development expenditures were $68.4 million as the Company's drilling program kicked in after spring breakup resulting in the drilling of 37 (36.3 net) wells at a 97% success rate. Crew also previously announced the acquisition of the third tranche of Montney acreage (81 net sections) in northeast British Columbia for $35.2 million which closed in the third quarter, to bring the Company's total net acreage position to 377 sections.

The results of our most recent Septimus step-out wells further supports the Company's longer term growth strategy primarily focused on the large Montney oil and gas resource the Company has acquired over the last six years. We recognize that despite having four attractive operating areas, the size, scope, results, and growth potential of the Company's Montney resource represents the clearest path to building shareholder value over the long term.

## FINANCIAL

The Company has improved its financial flexibility with the October issuance of $150 million of senior unsecured notes issued at an interest rate of 8.375%. The notes have a fixed term of seven years and are not callable by the Company for three years without penalty and thereafter at a set early payment premium. The Company's revised credit facility of $420 million combined with the term debt provides the Company with borrowing capacity of $570 million and the flexibility to move forward with its plan.

Crew's third quarter funds from operations increased 7% over the third quarter of 2012 to $42 million or $0.35 per share. Excluding the impact of the Company's hedging program, funds from operations were $51.6 million or $0.43 per share. Third quarter funds flow benefited from stronger oil prices including narrower West Texas Intermediate ("WTI") to Western Canadian Select ("WCS") differentials. This increase was offset by natural gas prices that averaged $1.02 per mcf lower in the third quarter compared to the second quarter. Funds from operations were negatively impacted by a $9.6 million ($3.71 per boe) realized hedging loss resulting from losses on the Company's WTI and WCS risk management program.

Capital spending for the quarter included the $35.2 million final tranche of Montney land acquisition in northeast British Columbia. This was the third and final tranche of a total acquisition that saw the Company acquire approximately 200 sections of Montney acreage proximal to its core Montney development in the Septimus, British Columbia area for total consideration of $77.2 million over a six month period. This acquisition was complementary to a successful third quarter exploration and development program that saw the Company spend $68.4 million focusing on development of liquids rich natural gas from the Montney formation at Septimus and heavy oil in the Lloydminster area of Saskatchewan. Quarter-end net debt totaled $377 million which would represent a 55% drawing on the Company's bank facility pro-forma the issuance of the $150 million term debt.

The Company's hedging strategy is focused on protecting against significant declines in commodity prices that would negatively impact the cash flow needed to fund the Company's on-going capital program. Crew currently has hedged approximately 35 mmcf per day of fourth quarter 2013 natural gas production at a fixed average price of approximately $3.24 per mcf. The Company also protects its liquids production from a significant decline in WTI and WCS pricing. Crew has approximately 6,750 bbl per day of fourth quarter 2013 liquids production protected against a decline in WTI pricing at a fixed price of approximately $94.70 per barrel. The Company has hedged the differential between WTI and WCS pricing on 4,250 barrels per day at differential price of $22.67 for the fourth quarter. Crew has begun building its hedge position to provide a base level of cash flow for 2014. The Company currently has hedged approximately 22.5 mmcf per day of natural gas for 2014 at a price of approximately $3.81 per mcf, 3,374 barrels per day of WTI oil hedged at an average floor price of approximately $97.25 per barrel with additional hedges fixing the differential between WTI and WCS pricing on an average of 1,372 barrels per day at a differential of $23.18 per barrel.

## OPERATIONS UPDATE

**Septimus/Tower, British Columbia**

Crew successfully commissioned and started the fourth compressor at the Company's operated Septimus gas plant late in the third quarter which contributed to record average production for the quarter of 7,682 boe per day. Current production is approximately 9,000 boe per day based on field estimates which represents an 84% utilization rate of the 65 mmcf per day capacity of the Septimus plant. Construction is underway on the 22.5 km 10" pipeline from the western edge of the field that will allow the Company to utilize the full capacity of the Septimus gas plant in the first quarter of 2014. With the increase in volumes, operating costs have been reduced by 11% from $6.30/boe in the first quarter to $5.60/boe for the third quarter and the Company would expect this trend to continue as plant capacity is reached and cost reduction initiatives are implemented through the first quarter of 2014.

Crew drilled four (3.3 net) wells in the quarter including two (1.3 net) Septimus Montney step-out wells located approximately five kilometers from existing Crew production and one exploratory well at Altares. The last four (3.3 net) wells Crew has drilled and completed at Septimus have averaged 8.8 mmcf per day per well and have had very high condensate rates averaging 334 bbls per day of condensate for an average yield of 38 bbls per mmcf at an average flowing casing pressure of 2,168 psi. These rates are more than two times the current Crew Septimus Montney type well. The Montney exploratory well at Altares was drilled to a total depth of 4,210m (2,301m horizontal section) and is anticipated to be completed as part of the Company's 2014 budget.

**Lloydminster, Alberta/Saskatchewan**

Crew's Lloydminster area had its busiest quarter since the asset was acquired in July 2011. The Company drilled 29 (29.0 net) wells including 21 vertical and 8 horizontal wells. Highlights include the four (4.0 net) Lloydminster zone horizontal wells which are producing at an average rate of 90 bopd (20% above the assigned type curve), and the six (6.0 net) vertical wells which are producing at an average rate of 52 bopd (15% above the assigned type curve) from the Colony formation. Production for the quarter averaged 6,080 boe per day with approximately 640 boe per day behind pipe as of the end of the quarter. Current production is approximately 6,500 boe per day based on field estimates with ten wells to bring on production before year-end.

**Deep Basin, Alberta**

Deep Basin average production for the third quarter was 6,940 boe per day, an increase of 28% over the second quarter, as there were no material outages at third party facilities and the Company continued to benefit from the strong performance of a Falher horizontal well drilled in the Kakwa area in the fourth quarter of 2012. Current productive capacity is between 6,000 to 6,500 boe per day which will be subject to pipeline apportionment and third party processing restrictions of up to 1,500 boe per day throughout the fourth quarter.

**Princess, Alberta**

Production for the third quarter averaged 4,600 boe per day. Crew had a very modest capital program in the third quarter drilling three (3.0 net) horizontal wells with two of the wells targeting the Mannville and one targeting the Pekisko formation. After stabilizing, production from two Mannville wells was approximately 610 boe per day resulting in current Princess production between 5,000 and 5,200 boe per day. The Company has identified 30 locations on Crown land targeting the Mannville group. Optimization of Crew's 11 Pekisko waterfloods (approximately 40% of the developed Pekisko resource) is ongoing, with four of the floods showing marked response, four requiring modifications to the injection schemes to optimize response and three are in the early phase of injection and have not yet responded to water injection. Crew is evaluating additional pools for water injection in 2014.

## OUTLOOK

Crew has had a very productive past nine months. We have added 200 sections to our British Columbia Montney land base and have refocused the Company in a play that is exhibiting continuous improvements in production rates and Expected Ultimate Recoveries ("EUR") as well as lower costs. We have progressively increased corporate production this year from 25,961 boe per day in the first quarter to 27,109 boe per day in the second quarter and 28,016 boe per day in the third quarter, expecting to average approximately 27,500 boe per day for 2013 and remain on track to exit the year producing more than 29,000 boe per day. Our efforts to focus on the development of the Montney at Septimus have been rewarded with 50% growth in ten months from 6,000 boe per day to over 9,000 boe per day currently. We are forecasting to increase production in the area to 10,000 to 11,000 boe per day in the first quarter of 2014.

Natural gas prices have rebounded to around $3.40 per mcf from the low $2.00 per mcf level during the third quarter. Oil prices on the other hand have dropped to the US$94.00 per bbl level and the differential between WTI and WCS prices has widened to approximately $40 per bbl. Our hedging program has partially protected us from this drop with 4,250 bbls per day of oil swapped at a $22.67 discount to CDN$ WTI and 6,750 bbls per day of oil swapped at CDN $94.70 per bbl allowing for an effective price of $72.03 per bbl on 4,250 bbls per day in the fourth quarter.

We will maintain our 2013 exploration and development budget of $219 million which will be funded by funds from operations, existing credit facilities and non-core asset dispositions. Our capital program is dynamic and will be monitored and adjusted to market conditions.

With the recently closed $150 million senior unsecured note offering, Crew has a line of sight to continue to fund our Montney production growth objectives through 2016 when we currently anticipate the Montney asset to become free cash flow positive. Out of the 91 TCFE of TPIIP assigned to Crew's lands, we only have 4.5% or 4.1 TCFE of Best Estimate Contingent Resource assigned to the Montney play which is comprised of over 900 estimated drilling locations. Despite having four attractive operating areas, we view our Montney resource to be truly "world class" and believe this asset has the size, scope and growth visibility representing the clearest path to building shareholder value over the long-term.

We look forward to an active fourth quarter and first quarter of 2014 and to reporting our 2014 budget and objectives in January 2014.

On behalf of the Board,

*(signed)*

Dale Shwed
President and C.E.O.

November 11, 2013

## 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 2013 forecast average and exit production and first quarter 2014 production estimates at Septimus; future oil and natural gas prices and Crew's commodity risk management programs; future liquidity and financial capacity; future results from operations and operating metrics; 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 amount and timing of capital projects; increased processing capacity at Septimus; estimates regarding drilling inventory on Crew's Montney lands, forecast rates of return, five year drilling plans and long range production targets in respect of Crew's Montney resource; the total future capital associated with development of reserves and resources; and methods of funding our capital program, including possible non-core asset divestitures and asset swaps.*

*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. There are a number of assumptions associated with the potential of resource volumes including the quality of the Montney reservoir, future drilling programs and the funding thereof, continued performance from existing wells and performance of new wells, the growth of infrastructure, well density per section, and recovery factors and discovery and development necessarily involves known and unknown risks and uncertainties, including those identified in this press release.*

*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; the early stage of development of some areas in the Evaluated Areas; the potential for variation in the quality of the Montney formation; 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.*

### 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.*

**Resource Estimates**

*This report contains references to estimates of oil and gas classified as Total Petroleum Initially In Place ("TPIIP") in the Montney region in northeastern British Columbia which are not, and should not be confused with, oil and gas reserves. Such estimates are based upon independent resource evaluations effective as at April 30, 2013 and May 31, 2013, respectively, prepared in accordance with the Canadian Oil and Gas Evaluation Handbook. Such estimates are subject to a number of cautionary statements, assumptions, risks, positive and negative factors relevant to the estimates and contingencies, the details of which were set forth in Crew's previously disseminated press release dated July 9, 2013. Accordingly, readers are referred to and encouraged to review the sections entitled "Montney Resource Evaluation", "Definitions of Oil and Gas Resources and Reserves" and "Information Regarding Disclosure on Oil and Gas Reserves, Resources and Operational Information" in the July 9, 2013 press release for applicable definitions, cautionary language, explanations and discussion of resources estimated herein, all of which is incorporated herein by reference.*

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## ADVISORIES

*Management's discussion and analysis ("MD&A") is the Company's explanation of its financial performance for the period covered by the financial statements along with an analysis of the Company's financial position. Comments relate to and should be read in conjunction with the unaudited interim consolidated financial statements of the Company for the three and nine month periods ended September 30, 2013 and 2012 and the audited consolidated financial statements and Management Discussion and Analysis for the year ended December 31, 2012. 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, 2012. 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 2013 and production for first quarter 2014 at Septimus 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.*

## Oil Classification

*The Princess, Alberta property, which is an area that produces crude oil and associated liquids (ranging from 20° to 26° API), has historically been classified as medium oil by Crew's previous independent reserve evaluators. Effective December 31, 2012, Crew's reserves attributable to its Princess property have been classified by Crew's independent reserve evaluator as heavy oil to accord with definitions contained in the Canadian Oil and Gas Evaluation Handbook, specifically the guidelines related to heavy oil designations contained in the royalty regulations for the Province of Alberta. We have presented Princess and other oil production and revenue separately from our Lloydminster heavy oil in this MD&A for greater clarity as they have historically been classified separately as medium or conventional oil and most volumes would be classified as light and medium oil were it not for the specific royalty regime existing in the province of Alberta.*

## 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 and decommissioning obligation expenditures. 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, 2013** | Sept 30, 2012 | **Sept 30, 2013** | Sept 30, 2012 |
| Cash provided by operating activities | **42,698** | 46,935 | **113,099** | 162,718 |
| Decommissioning obligation expenditures | **1,819** | 750 | **3,954** | 1,300 |
| Change in non-cash working capital | **(2,482)** | (8,275) | **7,257** | (24,524) |
| Funds from operations | **42,035** | 39,410 | **124,310** | 139,494 |

*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, 2013** | December 31, 2012 |
|---|---|---|
| Current assets | **61,064** | 46,405 |
| Current liabilities | **(108,440)** | (102,097) |
| Fair value of financial instruments | **9,191** | 7,170 |
| Working capital deficit | **(38,185)** | (48,522) |

| *($ thousands)* | **September 30, 2013** | December 31, 2012 |
|---|---|---|
| Bank loan | **(338,908)** | (242,834) |
| Working capital deficit | **(38,185)** | (48,522) |
| Net debt | **(377,093)** | (291,356) |

## RESULTS OF OPERATIONS

### Production

| | Three months ended September 30, 2013 | | | | | Three months ended September 30, 2012 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Princess & Other Oil (bbl/d) | Lloydminster Oil (bbl/d) | Ngl (bbl/d) | Nat. gas (mcf/d) | Total (boe/d) | Princess & Other Oil (bbl/d) | Lloydminster Oil (bbl/d) | Ngl (bbl/d) | Nat. gas (mcf/d) | Total (boe/d) |
| Alberta | **3,834** | **–** | **1,689** | **47,453** | **13,432** | 4,968 | 14 | 1,927 | 37,873 | 13,222 |
| British Columbia | **76** | **–** | **1,223** | **43,255** | **8,509** | 242 | – | 1,226 | 37,601 | 7,735 |
| Saskatchewan | **–** | **6,030** | **–** | **273** | **6,075** | – | 5,209 | – | 695 | 5,324 |
| Total | **3,910** | **6,030** | **2,912** | **90,981** | **28,016** | 5,210 | 5,223 | 3,153 | 76,169 | 26,281 |

Production volumes increased 7% in the third quarter of 2013 compared to the same period in 2012 as a result of the Company's successful drilling program at Septimus, British Columbia, Deep Basin in Alberta and Lloydminster, Saskatchewan, partially offset by declines in Princess, Alberta oil production due to reduced capital expenditures and the sale of the Company's Kobes, British Columbia area production in the fourth quarter of 2012. Natural gas production increased due to increased natural gas production at Septimus and in the Deep Basin while increased Lloydminster oil production was the result of a successful drilling and recompletion program. Natural gas liquids ("ngl") production decreased 8% due to the sale of the Kobes area production as well as unplanned third party plant outages in the Deep Basin which negatively impacted ngl production by approximately 370 bbl per day in the third quarter of 2013.

| | Nine months ended September 30, 2013 | | | | | Nine months ended September 30, 2012 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Princess & Other Oil (bbl/d) | Lloydminster Oil (bbl/d) | Ngl (bbl/d) | Nat. gas (mcf/d) | Total (boe/d) | Princess & Other Oil (bbl/d) | Lloydminster Oil (bbl/d) | Ngl (bbl/d) | Nat. gas (mcf/d) | Total (boe/d) |
| Alberta | **4,339** | **5** | **1,766** | **41,695** | **13,059** | 5,654 | 10 | 1,729 | 41,335 | 14,285 |
| British Columbia | **126** | **–** | **1,227** | **40,485** | **8,101** | 317 | – | 1,294 | 38,679 | 8,057 |
| Saskatchewan | **–** | **5,814** | **–** | **367** | **5,875** | – | 5,796 | – | 831 | 5,935 |
| Total | **4,465** | **5,819** | **2,993** | **82,547** | **27,035** | 5,971 | 5,806 | 3,023 | 80,865 | 28,277 |

Production for the first nine months of 2013 has decreased over the same period in 2012 as a result of decreased Princess oil production due to reduced capital spending, the disposition of production in the Kobes area and unplanned third party facility outages in the Deep Basin area. This lower production was partially offset by liquids rich natural gas production increases and a successful drilling program at Septimus and in the Deep Basin.

### Revenue

| | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| | **Sept 30, 2013** | Sept 30, 2012 | **Sept 30, 2013** | Sept 30, 2012 |
| **Revenue** *($ thousands)* | | | | |
| Princess and other oil | **32,518** | 32,880 | **92,177** | 120,907 |
| Lloydminster oil | **46,488** | 29,406 | **108,005** | 101,643 |
| Natural gas liquids | **15,602** | 12,975 | **44,864** | 42,350 |
| Natural gas | **23,565** | 17,008 | **75,187** | 50,390 |
| Total | **118,173** | 92,269 | **320,233** | 315,290 |
| **Crew average prices** | | | | |
| Princess and other oil ($/bbl) | **90.40** | 68.58 | **75.62** | 73.90 |
| Lloydminster oil ($/bbl) | **83.80** | 61.20 | **67.99** | 63.89 |
| Natural gas liquids ($/bbl) | **58.24** | 44.73 | **54.90** | 51.13 |
| Natural gas ($/mcf) | **2.82** | 2.43 | **3.34** | 2.27 |
| Oil equivalent ($/boe) | **45.85** | 38.16 | **43.39** | 40.69 |
| **Benchmark pricing** | | | | |
| Conv. and heavy oil – WCS (Cdn $/bbl) | **91.71** | 70.02 | **77.15** | 74.30 |
| Oil and ngl – Cdn$ WTI (Cdn $/bbl) | **109.90** | 91.69 | **100.51** | 96.35 |
| Natural Gas – AECO C daily index (Cdn $/mcf) | **2.48** | 2.32 | **3.10** | 2.15 |

Total revenues for the third quarter of 2013 increased 28% compared to the third quarter of 2012 as a result of the 20% increase in realized commodity pricing and the 7% increase in production. During the third quarter of 2013, the Company's Princess oil price increased 32% which was comparable to the 31% increase in the Company's Western Canadian Select ("WCS") benchmark price. The Company's Lloydminster oil price increased 37% compared to the 31% increase in the third quarter 2013 WCS benchmark as a result of the Company successfully marketing its physical heavy crude during periods when WCS differentials were narrower than the average market trade for the quarter. The Company's ngl price increased 30% as compared with a 20% increase in the West Texas Intermediate ("WTI") benchmark price due to increased production of higher valued liquids in the Septimus area, the sale of lower valued ethane production in the Kobes disposition and decreased lower valued ethane production in the Deep Basin area due to third party plant outages. In the third quarter of 2013, the Company's natural gas price increased 16% over the same period in 2012 as compared to the 7% increase in the AECO benchmark price as a result of increased production of higher heat content natural gas at Septimus which attracts a higher price than the corporate average natural gas price.

For the first nine months of 2013, the Company's realized Princess oil price increased 2% over the same period in 2012 and the Lloydminster oil price increased 6% over the same period in 2012 which are consistent with the 4% increase in the Company's WCS benchmark. Crew's realized ngl price increased 7% over the same period in 2012 which was greater than the increase in the Cdn$ WTI benchmark price as a result of the aforementioned increase in higher value liquids at Septimus and the disposition of lower valued ethane production. For the first nine months of 2013, the Company's natural gas price increased 47% as compared to a 44% increase in the AECO benchmark price.

**Royalties**

| | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| *($ thousands, except per boe)* | **Sept 30, 2013** | Sept 30, 2012 | **Sept 30, 2013** | Sept 30, 2012 |
| Royalties | **26,584** | 18,198 | **64,923** | 71,752 |
| Per boe | **10.31** | 7.53 | **8.80** | 9.26 |
| Percentage of revenue | **22.5%** | 19.7% | **20.3%** | 22.8% |

For the third quarter of 2013, the corporate average effective royalty rate increased to 22.5% as compared to 19.7% for the same period in 2012 due to certain wells coming off the deep gas well royalty holiday program in Alberta and British Columbia. For the first nine months of 2013 the average corporate royalty rate was lower than the same period in 2012 due to the benefits of the royalty incentives in the first six months of 2013 and lower Princess oil revenue which attracts a higher royalty rate. Crew continues to forecast an annual 2013 royalty rate of between 20% and 23%.

**Financial Instruments**

*Commodities*

The Company enters into derivative and medium to long-term 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 2013, these contracts had the following impact on the consolidated statements of income and comprehensive income:

| | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| *($ thousands)* | **Sept 30, 2013** | Sept 30, 2012 | **Sept 30, 2013** | Sept 30, 2012 |
| Realized gain (loss) on financial instruments | **(9,569)** | 3,692 | **(15,135)** | 20,313 |
| Unrealized gain (loss) on financial instruments | **3,157** | (15,676) | **(3,578)** | 10,727 |

The realized loss on financial instruments for the third quarter of 2013 was the result of an $11.4 million loss on the Company's WTI and WCS differential oil hedges partially offset by a $1.8 million gain on the Company's natural gas hedges as compared to a $3.7 million gain for the same period in 2012 which was comprised of a $4.2 million gain on the Company's WTI and WCS differential oil hedges partially offset by a $0.5 million natural gas hedging loss.

For the first nine months of 2013, the Company experienced $16.0 million of oil hedging losses partially offset by a $0.9 million natural gas hedging gain as compared to an oil hedging gain of $20.7 million and a natural gas hedging loss of $0.4 million for the same period in 2012. The 2012 oil hedging gain was significantly impacted by the monetization of 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.

As at September 30, 2013, the Company held derivative commodity contracts as follows:

| Subject of Contract | Notional Quantity | Remaining Term | Reference | Average Strike Price | Contract Traded | Fair Value ($000s) |
|---|---|---|---|---|---|---|
| Oil | 5,750 bbl/day | October 1, 2013 – December 31, 2013 | CDN$ WTI | $94.24 | Swap | (7,129) |
| Oil | 750 bbl/day | October 1, 2013 – December 31, 2013 | CDN$ WTI | $85.00 – $95.00 | Collar(1) | (1,012) |
| Oil | 250 bbl/day | October 1, 2013 – December 31, 2013 | CDN$ WTI | $85.00 – $100.00 | Collar(2) | (186) |
| Oil | 4,250 bbl/day | October 1, 2013 – December 31, 2013 | CDN$ WCS – WTI diff | $(22.67) | Swap | 3,088 |
| Gas | 2,500 gj/day | October 1, 2013 – October 31, 2013 | ACEO C Monthly Index | $2.93 | Swap | 37 |
| Gas | 5,000 gj/day | October 1, 2013 – October 31, 2013 | ACEO C Monthly Index | $3.39 – $4.00 | Collar(3) | 223 |
| Gas | 5,000 gj/day | October 1, 2013 – December 31, 2013 | ACEO C Monthly Index | $2.65 – $3.50 | Collar | 13 |
| Gas | 35,000 gj/day | October 1, 2013 – December 31, 2013 | AECO C Monthly Index | $3.03 | Swap | 325 |
| Oil | 250 bbl/day | January 1, 2014 – June 30, 2014 | CDN$ WTI | $103.00 | Swap | 92 |
| Oil | 2,500 bbl/day | January 1, 2014 – December 31, 2014 | CDN$ WTI | $95.81 | Swap | (2,812) |
| Oil | 250 bbl/day | January 1, 2014 – December 31, 2014 | CDN$ WTI | $92.20 | Call(4) | (806) |
| Oil | 500 bbl/day | January 1, 2014 – December 31, 2014 | CDN$ WTI | $100.00 | Call(5) | (175) |
| Oil | 500 bbl/day | January 1, 2014 – December 31, 2014 | CDN$ WTI | $96.05 | Call | (1,353) |
| Oil | 1,000 bbl/day | January 1, 2014 – December 31, 2014 | US$ WTI | $92.40 | Call | (3,023) |
| Oil | 250 bbl/day | January 1, 2014 – December 31, 2014 | CDN$ WTI | $85.00 – $103.25 | Collar | 189 |
| Oil | 500 bbl/day | January 1, 2014 – June 30, 2014 | CDN$ WCS – WTI diff | $(24.25) | Swap | 121 |
| Oil | 250 bbl/day | January 1, 2014 – June 30, 2014 | CDN$ WCS – WTI diff | $(24.50) | Swap | 51 |
| Oil | 1,000 bbl/day | January 1, 2014 – December 31, 2014 | CDN$ WCS – WTI diff | $(22.75) | Swap | 294 |
| Gas | 17,500 gj/day | January 1, 2014 – December 31, 2014 | AECO C Monthly Index | $3.58 | Swap | 1,334 |
| Gas | 5,000 gj/day | January 1, 2014 – December 31, 2014 | AECO C Monthly Index | $4.00 | Swaption(3) | (19) |
| **Total** | | | | | | **(10,748)** |

(1) The referenced contract is a fade-in Collar whereby the price is fixed at $95/bbl unless the market price falls below $85/bbl in which case the price received will be $85/bbl.

(2) The referenced contract is a fade-in Collar whereby the price is fixed at $100/bbl unless the market price falls below $85/bbl in which case the price received will be $85/bbl.

(3) The July to October 2013 Collar includes a $3.39 Put that was enhanced by the sale of the 2014 Swaption which gives the counterparties a one-time election to commit Crew to a 2014 Swap at $4.00 per GJ.

(4) This is a structured Call which is only triggered if the average CDN$ WTI trades above $100 per bbl for a given month during the term.

(5) This is a structured Call which is only triggered if the average CDN$ WTI trades above $85 per bbl for a given month during the term.

Subsequent to September 30, 2013, the Company entered into the following derivative contracts:

| Subject of Contract | Volume | Term | Reference | Strike Price | Option Traded |
|---|---|---|---|---|---|
| Gas | 5,000 gj/day | January 1, 2014 – December 31, 2014 | AECO C Monthly Index | $3.48 | Swap |

### Operating Costs

| | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| *($ thousands, except per boe)* | **Sept 30, 2013** | Sept 30, 2012 | **Sept 30, 2013** | Sept 30, 2012 |
| Operating costs | **28,886** | 27,120 | **83,537** | 89,742 |
| Per boe | **11.21** | 11.22 | **11.32** | 11.58 |

For the third quarter of 2013, operating costs per boe were consistent with the same period in 2012 as the increase in higher cost heavy oil production was offset by the increased production in the lower cost Septimus and Deep Basin areas. For the nine months ending September 30, 2013, operating costs decreased $0.26 per boe as compared with the same period in 2012 due to operational efficiencies and incremental production from the lower cost Septimus and Deep Basin areas. The Company continues to forecast annual operating costs to average $11.00 to $11.50 per boe.

### Transportation Costs

| | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| *($ thousands, except per boe)* | **Sept 30, 2013** | Sept 30, 2012 | **Sept 30, 2013** | Sept 30, 2012 |
| Transportation costs | **3,332** | 3,406 | **9,375** | 10,763 |
| Per boe | **1.29** | 1.41 | **1.27** | 1.39 |

The Company realized lower third quarter and first nine months of 2013 transportation costs and transportation costs per unit as compared to the same periods in 2012 due to a decrease in clean oil trucking in the Princess area as a result of the addition of a clean oil sales pipeline added in the second quarter of 2012. In addition, increased lower transportation cost oil production in the Lloydminster area and decreased firm service demand charges at Sierra, British Columbia contributed to lower overall transportation costs for the periods. The Company continues to forecast transportation costs to range between $1.25 and $1.50 per boe for 2013.

### Operating Netbacks

| | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| *($/boe)* | **Sept 30, 2013** | Sept 30, 2012 | **Sept 30, 2013** | Sept 30, 2012 |
| Revenue | **45.85** | 38.16 | **43.39** | 40.69 |
| Realized commodity hedging gain/(loss) | **(3.71)** | 1.53 | **(2.05)** | 2.62 |
| Royalties | **(10.31)** | (7.53) | **(8.80)** | (9.26) |
| Operating costs | **(11.21)** | (11.22) | **(11.32)** | (11.58) |
| Transportation costs | **(1.29)** | (1.41) | **(1.27)** | (1.39) |
| Operating netbacks | **19.33** | 19.53 | **19.95** | 21.08 |

The decrease in netbacks for the three and nine months ended 2013 were primarily the result of oil hedging losses experienced in 2013 as opposed to the hedging gains in 2012 which were significantly impacted by a one-time realization of a $12.1 million gain from the unwinding of 2013 hedges during the second quarter of 2012.

### General and Administrative Costs

| | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| *($ thousands, except per boe)* | **Sept 30, 2013** | Sept 30, 2012 | **Sept 30, 2013** | Sept 30, 2012 |
| Gross costs | **7,395** | 7,061 | **21,717** | 22,918 |
| Operator's recoveries | **(375)** | (136) | **(639)** | (1,077) |
| Capitalized costs | **(2,742)** | (2,676) | **(7,392)** | (8,013) |
| General and administrative expenses | **4,278** | 4,249 | **13,686** | 13,828 |
| Per boe | **1.66** | 1.76 | **1.85** | 1.78 |

During the third quarter of 2013, general and administrative costs after recoveries were consistent with the third quarter of 2012 while per boe costs decreased due to increased production. For the first nine months of 2013, lower gross general and administrative costs were the result of reduced staffing costs that were impacted by a decline in activity levels during the latter half of 2012 and the first quarter of 2013. The Company continues to expect general and administrative costs to average between $1.70 and $1.90 per boe for 2013.

## Finance Expenses

| ($ thousands, except per boe) | Three months ended Sept 30, 2013 | Three months ended Sept 30, 2012 | Nine months ended Sept 30, 2013 | Nine months ended Sept 30, 2012 |
|---|---|---|---|---|
| Interest on bank debt | **3,489** | 3,578 | **9,267** | 10,024 |
| Accretion of the decommissioning obligation | **684** | 681 | **2,011** | 1,991 |
| Total finance expense | **4,173** | 4,259 | **11,278** | 12,015 |
| Average debt level | **320,767** | 340,616 | **291,135** | 319,159 |
| Effective interest rate on bank debt | **4.3%** | 4.2% | **4.3%** | 4.2% |
| Interest on bank debt per boe | **1.35** | 1.48 | **1.26** | 1.29 |

In the third quarter and first nine months of 2013, lower average debt levels due to the disposition of the Kobes property in the fourth quarter of 2012 resulted in lower interest costs as compared with the same period in 2012. The effective interest rate on the Company's bank debt slightly increased in the third quarter of 2013 as compared with the same period in 2012 due to increased standby fees on the Company's unutilized portion of its borrowings. In October 2013, the Company issued $150 million of $8.375% senior notes as described in the Capital Management section. When taking this interest cost into account for the remainder of the year, the Company expects its interest on long-term debt will average approximately 4.5% to 5.0% in 2013.

## Share-Based Compensation

| ($ thousands) | Three months ended Sept 30, 2013 | Three months ended Sept 30, 2012 | Nine months ended Sept 30, 2013 | Nine months ended Sept 30, 2012 |
|---|---|---|---|---|
| Gross costs | **2,777** | 3,546 | **6,494** | 13,091 |
| Capitalized costs | **(1,414)** | (1,834) | **(3,309)** | (6,663) |
| Total share-based compensation | **1,363** | 1,712 | **3,185** | 6,428 |

The Company's share-based compensation expense has decreased in the third quarter and first nine months of 2013 compared with the same periods in 2012 due to a decrease in the number of options outstanding, a lower average fair value on new and existing options outstanding and an increased amount of forfeitures during the first quarter of 2013. The decrease in the number of options outstanding is a result of the voluntary surrender of 2.3 million stock options in the fourth quarter of 2012 for which the share based compensation expense on these options was accelerated in 2012. During the second and third quarter of 2013, the Company issued restricted and performance awards in which the fair value, for the purposes of share-based compensation expense, is determined at the date of grant using the closing price of the common shares and, for performance awards, an estimated payout multiplier.

## Depletion and Depreciation

| ($ thousands, except per boe) | Three months ended Sept 30, 2013 | Three months ended Sept 30, 2012 | Nine months ended Sept 30, 2013 | Nine months ended Sept 30, 2012 |
|---|---|---|---|---|
| Depletion and depreciation | **46,445** | 46,931 | **141,175** | 146,070 |
| Per boe | **18.02** | 19.41 | **19.13** | 18.85 |

Total depletion and depreciation costs per boe have decreased in the third quarter of 2013 as compared with the same period in 2012 due to a decreased depletable cost base as a result of the Company's write-down of certain assets at December 31, 2012 combined with the addition of lower cost reserves from the July 2013 acquisition of British Columbia Montney reserves. For the first nine months of 2013, depletion costs per boe increased due to the expiry of non-core undeveloped land which was recorded as additional depletion in the first quarter of 2013.

## Deferred Income Taxes

In the third quarter and first nine months of 2013, the provision for deferred income taxes was an expense of $0.7 million and a recovery of $4.4 million, respectively, compared to a recovery of $4.1 million and expense of $3.1 million, respectively, for the same periods in 2012. The change for the three month period was a result of a decreased loss before income taxes in 2013 while, conversely, the change for the nine month period was due to an increased loss before income taxes in 2013.

### Cash and Funds from Operations and Net Income

| | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| *($ thousands, except per share amounts)* | **Sept 30, 2013** | Sept 30, 2012 | **Sept 30, 2013** | Sept 30, 2012 |
| Cash provided by operating activities | **42,698** | 46,935 | **113,099** | 162,718 |
| Funds from operations | **42,035** | 39,410 | **124,310** | 139,494 |
| Per share – basic | **0.35** | 0.33 | **1.02** | 1.16 |
| – diluted | **0.35** | 0.33 | **1.02** | 1.15 |
| Net income (loss) | **(843)** | (17,947) | **(20,882)** | (270) |
| Per share – basic | **(0.01)** | (0.15) | **(0.17)** | (0.00) |
| – diluted | **(0.01)** | (0.15) | **(0.17)** | (0.00) |

The decrease in third quarter cash provided by operating activities is a result of a realized loss from the Company's risk management program. The increase in third quarter funds from operations, as well as the reduced net loss, was a result of increases in both realized commodity prices and production. The decreases in these financial performance measures for the nine month period were the result of decreased production and a realized loss from the Company's risk management program as compared to significant risk management gain for the same period in 2012.

### Capital Expenditures, Acquisitions and Dispositions

During the third quarter, the Company drilled a total of 37 wells resulting in 32 (32.0 net) oil wells, four (3.3 net) gas wells and one (1.0 net) dry and abandoned well. In addition, the Company completed 35 (34.3 net) wells and recompleted 14 (13.8 net) wells in the quarter. The Company also added to its infrastructure spending $12.7 million on pipeline and wellsite equipping costs in the Deep Basin, Septimus and Lloydminster areas. In the third quarter, the Company closed the acquisition of 81 sections of Montney acreage and 7.6 mmboe of proved plus probable reserves for $35.2 million and also closed the disposition of approximately 40 boe per day of non-core production in central Alberta for approximately $2.3 million. Total net capital expenditures are detailed below:

| | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| *($ thousands)* | **Sept 30, 2013** | Sept 30, 2012 | **Sept 30, 2013** | Sept 30, 2012 |
| Land | **1,460** | 5,535 | **5,008** | 9,236 |
| Seismic | **890** | 255 | **3,556** | 4,231 |
| Drilling, completions and recompletions | **50,160** | 27,821 | **122,746** | 131,424 |
| Facilities, equipment and pipelines | **12,705** | 7,809 | **24,269** | 49,544 |
| Other | **3,220** | 3,023 | **8,456** | 9,183 |
| Total exploration and development | **68,435** | 44,443 | **164,035** | 203,618 |
| Property acquisitions (dispositions) | **33,203** | (5,872) | **42,149** | (10,162) |
| Total | **101,638** | 38,571 | **206,184** | 193,456 |

## 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 $390 million and an operating line of credit of $30 million (the "Facility"). This amount reflects adjustments made subsequent to the quarter end to reflect the net effect of the recently issued senior notes as described below and for the mid-year engineering review. The Facility revolves for a 364 day period and will be subject to its next 364 day extension by June 11, 2014. 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 from the extension date. 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. As a result of the issuance of senior notes as described below, the credit agreement was amended and now requires the Company to maintain a debt to EBITDA ratio of 4:1 and a secured debt to EBITDA ratio of 3:1 at the end of each fiscal quarter. EBITDA is comprised of earnings before interest, taxes, depreciation and amortization. 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 June 11, 2014. At September 30, 2013, the Company had drawings of $338.9 million on the Facility and had issued letters of credit totaling $12.1 million.

On October 21, 2013, the Company issued $150 million of 8.375% senior notes due October 21, 2020. These notes are guaranteed, jointly and severally, on an unsecured basis, by each of the Company's current and future restricted subsidiaries. Interest on the notes accrues at the rate of 8.375% per year and is payable semi-annually. Prior to 2016, the Company may redeem up to 35% of the aggregate principal amount with the cash proceeds from certain equity issues at a redemption price of 108.375%, plus accrued and unpaid interest. In addition, at any time prior to 2016, the Company may redeem all or part of the notes plus a "make-whole" premium and any accrued and unpaid interest. At any time on or after 2016, the Company may redeem all or part of the notes at the redemption prices set forth below plus any accrued and unpaid interest:

| Year | Percentage |
|---|---|
| 2016 | 104.188% |
| 2017 | 102.792% |
| 2018 | 101.396% |
| 2019 | 100.000% |

Upon the occurrence of a change of control, the Company will be required to offer to repurchase each holder's notes at a price equal to 101% of the principal amount plus any accrued and unpaid interest.

The Company will continue to fund its on-going operations from a combination of cash flow, long-term 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, 2013, the Company's working capital deficiency totaled $38.2 million which, when combined with the drawings on its bank line, represented 88% of its bank facility at September 30, 2013. After taking into effect the issuance of the senior notes and the revised borrowing base, the Company's pro-forma drawings on its bank line is approximately 55% of its bank facility.

**Share Capital**

Crew is authorized to issue an unlimited number of Common Shares. As at November 11, 2013, Crew had 121,635,094 Common Shares and options to acquire 8,077,135 Common Shares of the Company issued and outstanding.

At the Company's annual and special meeting held on May 24, 2012, the shareholders of the Company approved the adoption of a Restricted and Performance Award Incentive Plan ("RPAP") which authorizes the Board of Directors to grant restricted awards ("RAs") and performance awards ("PAs") to directors, officers, employees, consultants or other service providers of Crew and its affiliates.

Subject to terms and conditions of the RPAP, each RA and PA entitles the holder to an award value to be typically paid as to one-third on each of the first, second and third anniversaries of the date of grant. In the case of PAs, the award value is adjusted for a payout multiplier which can range from 0.0 to 2.0 and is dependent on the performance of the Company relative to pre-defined corporate performance measures for a particular period. On the vesting dates, the Company has the option of settling the award value in cash or Common Shares of the Company.

As at November 11, 2013 there were 299,225 RAs and 323,075 PAs issued and outstanding.

**Capital Structure**

The Company considers its capital structure to include working capital, long-term debt (including the bank loan and the recently issued senior notes as described above in Capital Funding), 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, amend, revise or extend the terms of the existing credit facility 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 long-term debt and net working capital, divided by annualized funds from operations for the most recent quarter.

The Company monitors this ratio and strives to maintain it at or below 2.0 to 1. During periods of increased capital expenditures, acquisitions or during periods of low commodity prices, this ratio will increase over short-term periods. The Company has created the flexibility to increase this ratio over short-term periods with the issuance of the long-term senior notes which has created available capacity under its Facility. As shown below, as at September 30, 2013 the Company's ratio of net debt to annualized cash flow was 2.24 to 1 (December 31, 2012 – 1.55 to 1). The Company plans to continue its strategy of divesting of non-core properties, will adjust its annual capital expenditure program if necessary or may consider other forms of financing in order to maintain its financial flexibility.

| *($ thousands, except ratio)* | **September 30, 2013** | December 31, 2012 |
|---|---|---|
| Working capital deficit | **(38,185)** | (48,522) |
| Bank loan | **(338,908)** | (242,834) |
| Net debt | **(377,093)** | (291,356) |
| Funds from operations for the three months ended September 30, 2013 | **42,035** | 47,110 |
| Annualized | **168,140** | 188,440 |
| Net debt to annualized funds from operations ratio | **2.24** | 1.55 |

**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 | 2013 | 2014 | 2015 | 2016 | 2017 | Thereafter |
|---|---|---|---|---|---|---|---|
| Bank loan (1) | 338,908 | – | – | 338,908 | – | – | – |
| Operating leases | 8,040 | 558 | 2,363 | 2,494 | 2,625 | – | – |
| Firm transportation agreements | 22,705 | 846 | 3,980 | 4,245 | 4,085 | 2,559 | 6,990 |
| Firm processing agreement | 113,821 | 2,125 | 10,357 | 14,729 | 14,550 | 13,507 | 58,553 |
| Total | 483,474 | 3,529 | 16,700 | 360,376 | 21,260 | 16,066 | 65,543 |

(1) Based on the existing terms of the Company's bank facility the first possible repayment date may come in 2015. 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 as well as firm service obligations for Alberta and British Columbia natural gas transportation.

The firm processing agreements include two commitments to process natural gas through third party owned gas processing facilities in the Septimus and Deep Basin areas until 2021 and 2024, respectively. For the Septimus agreement, 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 $22 million, the remaining commitment would be reduced by approximately $27 million.

## GUIDANCE

Crew has had a very productive past nine months. We have added 200 sections to our British Columbia Montney land base and refocused the Company in a play that is exhibiting continuous improvements in production rates and lower costs. We have progressively increased corporate production this year from 25,961 boe per day in the first quarter to 27,109 boe per day in the second quarter and 28,016 boe per day in the third quarter, expecting to average approximately 27,500 boe per day for 2013 and remain on track to exit the year producing more than 29,000 boe per day. Our efforts to focus on the development of the Montney at Septimus have been rewarded with 50% growth in ten months from 6,000 boe per day to over 9,000 boe per day currently. We are forecasting to increase production in the area to 10,000 to 11,000 boe per day in the first quarter of 2014.

Natural gas prices have rebounded to around $3.40 per mcf from the low $2.00 per mcf level during the third quarter. Oil prices on the other hand have dropped to the US$94.00 per bbl level and the differential between WTI and WCS prices has widened to approximately $40 per bbl. Our hedging program has partially protected us from this drop with 4,250 bbls per day of oil swapped at a $22.67 discount to CDN$ WTI and 6,750 bbls per day of oil swapped at CDN $94.70 per bbl allowing for an effective price of $72.03 per bbl on 4,250 bbls per day in the fourth quarter.

We are expecting to maintain our exploration and development budget of $219 million which will be funded by funds from operations, existing credit facilities and non-core asset dispositions. Our capital program is dynamic and will be monitored and adjusted to market conditions.

## 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 2013** | June 30 2013 | Mar. 31 2013 | Dec. 31 2012 | Sept. 30 2012 | June 30 2012 | Mar. 31 2012 | Dec. 31 2011 |
|---|---|---|---|---|---|---|---|---|
| Total daily production (boe/d) | **28,016** | 27,109 | 25,961 | 27,027 | 26,281 | 28,192 | 30,380 | 30,034 |
| Exploration and development expenditures | **68,435** | 30,348 | 65,252 | 55,173 | 44,443 | 30,432 | 128,743 | 108,854 |
| Property acquisitions/ (dispositions) | **33,203** | (5,717) | 14,663 | (86,395) | (5,872) | (4,290) | – | (13,203) |
| Average wellhead price ($/boe) | **45.85** | 44.91 | 39.06 | 41.21 | 38.16 | 38.96 | 44.52 | 51.41 |
| Petroleum and natural gas sales | **118,173** | 110,793 | 91,267 | 102,473 | 92,269 | 99,946 | 123,075 | 142,063 |
| Cash provided by operations | **42,698** | 44,486 | 25,917 | 50,873 | 46,935 | 49,557 | 66,226 | 39,969 |
| Funds from operations | **42,035** | 48,087 | 34,188 | 47,110 | 39,410 | 52,027 | 48,057 | 64,841 |
| Per share – basic | **0.35** | 0.40 | 0.28 | 0.39 | 0.33 | 0.43 | 0.40 | 0.54 |
| – diluted | **0.35** | 0.40 | 0.28 | 0.39 | 0.33 | 0.43 | 0.40 | 0.54 |
| Net income (loss) | **(843)** | 2,008 | (22,047) | 21,812 | (17,947) | 24,107 | (6,430) | (148,529) |
| Per share – basic | **(0.01)** | 0.02 | (0.18) | 0.18 | (0.15) | 0.20 | (0.05) | (1.24) |
| – diluted | **(0.01)** | 0.02 | (0.18) | 0.18 | (0.15) | 0.20 | (0.05) | (1.24) |

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 beginning in the second quarter of 2012 in order to maintain financial strength during a period of commodity price volatility. This impacted production as new production additions were not sufficient to replace corporate declines and dispositions during this period.
- Production was negatively impacted by scheduled and unscheduled third party facility shutdowns in the second quarter of 2012 and the first and second quarters of 2013. The Company also shut-in approximately 1,200 boe per day of uneconomic natural gas production in the second quarter of 2012 and some of this production remained shut-in through the third quarter of 2013.

- 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.
- From the fourth quarter of 2011 to the third quarter of 2013, the Company has sold assets for proceeds of approximately $139 million. These dispositions in central Alberta and northeast British Columbia resulted in gains on sale of assets of $7.4 million, $3.5 million, $3.6 million and $70.8 million in the fourth quarter of 2011 and the second, third and fourth quarters of 2012, respectively. In addition, a loss of $3.6 million was recorded for the disposition in the second quarter and a gain of $3.2 million was recorded for the disposition in the third quarter of 2013.
- The Company incurred an impairment charge of $122.8 million on certain CGUs in the fourth quarter of 2012 which was offset by the reversal of $93.6 million of impairment charges taken on certain CGUs in 2011. In the fourth quarter of 2011, the Company recorded an impairment charge of $181.9 million on certain CGUs.

**Future Accounting Pronouncements**

On January 1, 2013, the Company adopted new standards with respect to consolidations (IFRS 10), joint arrangements (IFRS 11), disclosure of interest in other entities (IFRS 12), fair value measurements (IFRS 13) and amendments to financial instruments disclosures (IFRS 7). The adoption of these standards had no impact on the amounts recorded in the consolidated financial statements as at January 1, 2013 or on the comparative periods.

There are currently no new accounting pronouncements issued or outstanding that are expected to have an impact on the Company's 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, 2013 and ended on September 30, 2013 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 11, 2013

# CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| *(unaudited) (thousands)* | **September 30, 2013** | December 31, 2012 |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Accounts receivable | **$ 58,900** | $ 46,405 |
| Fair value of financial instruments (note 8) | **2,164** | – |
| | **61,064** | 46,405 |
| Exploration and evaluation assets (note 3) | **45,284** | 60,651 |
| Property, plant and equipment (note 4) | **1,817,034** | 1,726,746 |
| | **$ 1,923,382** | $ 1,833,802 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Current Liabilities: | | |
| Accounts payable and accrued liabilities | **$ 97,085** | $ 94,927 |
| Fair value of financial instruments (note 8) | **11,355** | 7,170 |
| | **108,440** | 102,097 |
| Fair value of financial instruments (note 8) | **1,557** | – |
| Bank loan (note 5) | **338,908** | 242,834 |
| Decommissioning obligations (note 6) | **113,100** | 108,787 |
| Deferred tax liability | **192,111** | 196,521 |
| Shareholders' Equity | | |
| Share capital (note 7) | **1,275,910** | 1,275,777 |
| Contributed surplus (note 7) | **60,487** | 54,035 |
| Deficit | **(167,131)** | (146,249) |
| | **1,169,266** | 1,183,563 |
| Commitments (note 9) | | |
| Subsequent event (note 10) | | |
| | **$ 1,923,382** | $ 1,833,802 |

*See accompanying notes to the condensed interim consolidated financial statements.*

# CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

| *(unaudited) (thousands, except per share amounts)* | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| | **Sept 30, 2013** | Sept 30, 2012 | **Sept 30, 2013** | Sept 30, 2012 |
| **Revenue** | | | | |
| Petroleum and natural gas sales | **$ 118,173** | $ 92,269 | **$ 320,233** | $ 315,290 |
| Royalties | **(26,584)** | (18,198) | **(64,923)** | (71,752) |
| Realized gain (loss) on financial instruments (note 8) | **(9,569)** | 3,692 | **(15,135)** | 20,313 |
| Unrealized gain (loss) on financial instruments (note 8) | **3,157** | (15,676) | **(3,578)** | 10,727 |
| | **85,177** | 62,087 | **236,597** | 274,578 |
| **Expenses** | | | | |
| Operating | **28,886** | 27,120 | **83,537** | 89,742 |
| Transportation | **3,332** | 3,406 | **9,375** | 10,763 |
| General and administrative | **4,278** | 4,249 | **13,686** | 13,828 |
| Share-based compensation | **1,363** | 1,712 | **3,185** | 6,428 |
| Depletion and depreciation | **46,445** | 46,931 | **141,175** | 146,070 |
| | **84,304** | 83,418 | **250,958** | 266,831 |
| Income (loss) from operations | **873** | (21,331) | **(14,361)** | 7,747 |
| Financing | **(4,173)** | (4,259) | **(11,278)** | (12,015) |
| Gain on divestitures | **3,156** | 3,592 | **347** | 7,122 |
| Income (loss) before income taxes | **(144)** | (21,998) | **(25,292)** | 2,854 |
| Deferred tax expense (recovery) | **699** | (4,051) | **(4,410)** | 3,124 |
| Net loss and comprehensive loss | **$ (843)** | $ (17,947) | **$ (20,882)** | $ (270) |
| Net loss per share (note 7) | | | | |
| Basic | **$ (0.01)** | $ (0.15) | **$ (0.17)** | $ (0.00) |
| Diluted | **$ (0.01)** | $ (0.15) | **$ (0.17)** | $ (0.00) |

*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, 2013 | 121,620 | $ 1,275,777 | $ 54,035 | $ (146,249) | $ 1,183,563 |
| Net loss for the period | – | – | – | (20,882) | (20,882) |
| Share-based compensation expensed | – | – | 3,185 | – | 3,185 |
| Share-based compensation capitalized | – | – | 3,309 | – | 3,309 |
| Transfer of share-based compensation on exercises | – | 42 | (42) | – | – |
| Issued on exercise of options | 16 | 91 | – | – | 91 |
| **Balance September 30, 2013** | **121,636** | **$ 1,275,910** | **$ 60,487** | **$ (167,131)** | **$ 1,169,266** |

| | 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 |

*See accompanying notes to the condensed interim consolidated financial statements.*

# CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

| *(unaudited) (thousands)* | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| | **Sept 30, 2013** | Sept 30, 2012 | **Sept 30, 2013** | Sept 30, 2012 |
| **Cash provided by (used in):** | | | | |
| **Operating activities:** | | | | |
| Net loss | **$ (843)** | $ (17,947) | **$ (20,882)** | $ (270) |
| Adjustments: | | | | |
| Depletion and depreciation | **46,445** | 46,931 | **141,175** | 146,070 |
| Financing expenses | **4,173** | 4,259 | **11,278** | 12,015 |
| Interest expense | **(3,489)** | (3,578) | **(9,267)** | (10,024) |
| Share-based compensation | **1,363** | 1,712 | **3,185** | 6,428 |
| Deferred tax expense (recovery) | **699** | (4,051) | **(4,410)** | 3,124 |
| Unrealized (gain) loss on financial instruments | **(3,157)** | 15,676 | **3,578** | (10,727) |
| Gain on divestitures | **(3,156)** | (3,592) | **(347)** | (7,122) |
| Decommissioning obligations settled | **(1,819)** | (750) | **(3,954)** | (1,300) |
| Change in non-cash working capital | **2,482** | 8,275 | **(7,257)** | 24,524 |
| | **42,698** | 46,935 | **113,099** | 162,718 |
| **Financing activities:** | | | | |
| Increase (decrease) in bank loan | **51,221** | (29,852) | **96,074** | 100,182 |
| Proceeds from exercise of share options | **3** | 13 | **91** | 5,688 |
| | **51,224** | (29,839) | **96,165** | 105,870 |
| **Investing activities:** | | | | |
| Exploration and evaluation asset expenditures | **–** | (2,640) | **–** | (5,117) |
| Property, plant and equipment expenditures | **(68,435)** | (41,803) | **(164,035)** | (198,501) |
| Property acquisitions | **(35,462)** | – | **(55,494)** | – |
| Property divestitures | **2,259** | 5,872 | **13,345** | 10,162 |
| Change in non-cash working capital | **7,716** | 21,475 | **(3,080)** | (75,132) |
| | **(93,922)** | (17,096) | **(209,264)** | (268,588) |
| 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, 2013 and 2012

*(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, 2013 and for the three and nine months ended September 30, 2013 and 2012 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, 2012, except as noted below. 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.

On January 1, 2013, the Company adopted new standards with respect to consolidations (IFRS 10), joint arrangements (IFRS 11), disclosure of interests in other entities (IFRS 12), fair value measurements (IFRS 13) and amendments to financial instruments disclosures (IFRS 7). The adoption of these standards had no impact on the amounts recorded in the consolidated financial statements as at January 1, 2013 or on the comparative periods.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 11, 2013.

## 3. EXPLORATION AND EVALUATION ASSETS:

| Cost or deemed cost | Total |
|---|---|
| Balance, January 1, 2012 | $ 56,197 |
| Additions | 7,821 |
| Transfer to property, plant and equipment | (3,367) |
| Balance, December 31, 2012 | $ 60,651 |
| Transfer to property, plant and equipment | (15,367) |
| **Balance, September 30, 2013** | **$ 45,284** |

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 | Total |
|---|---|
| Balance, January 1, 2012 | $ 2,148,714 |
| Additions | 250,970 |
| Transfer from exploration and evaluation assets | 3,367 |
| Acquisitions | 22,178 |
| Divestitures | (43,837) |
| Change in decommissioning obligations | 4,882 |
| Capitalized share-based compensation | 11,168 |
| Balance, December 31, 2012 | $ 2,397,442 |
| Additions | 164,035 |
| Transfer from exploration and evaluation assets | 15,367 |
| Acquisitions | 55,494 |
| Divestitures | (20,549) |
| Change in decommissioning obligations | 9,341 |
| Capitalized share-based compensation | 3,309 |
| **Balance, September 30, 2013** | **$ 2,624,439** |

| Accumulated depletion and depreciation | Total |
|---|---|
| Balance, January 1, 2012 | $ 441,309 |
| Depletion and depreciation expense | 202,604 |
| Divestitures | (2,471) |
| Impairment | 29,254 |
| Balance, December 31, 2012 | $ 670,696 |
| Depletion and depreciation expense | 141,175 |
| Divestitures | (4,466) |
| **Balance, September 30, 2013** | **$ 807,405** |

| Net book value | Total |
|---|---|
| Balance, December 31, 2012 | $ 1,726,746 |
| **Balance, September 30, 2013** | **$ 1,817,034** |

The calculation of depletion for the period ended September 30, 2013 included estimated future development costs of $717.9 million (December 31, 2012 – $731.1 million) associated with the development of the Company's proved plus probable reserves and excluded salvage value of $92.4 million (December 31, 2012 – $91.5 million) and undeveloped land of $199.5 million (December 31, 2012 – $165.8 million) related to development acreage.

## 5. BANK LOAN:

The Company's bank facility consists of a revolving line of credit of $390 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 11, 2014. 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 from the extension date. 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. As a result of the issuance of the senior notes as described in note 10, the credit agreement was amended and now requires the Company to maintain a debt to EBITDA ratio of 4:1 and a secured debt to EBITDA ratio of 3:1 at the end of each fiscal quarter. EBITDA is comprised of earnings before interest, taxes, depreciation and amortization. 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 June 11, 2014.

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 bank 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, 2013, 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, 2013, the Company had issued letters of credit totaling $12.1 million (December 31, 2012 – $10.3 million). The effective interest rate on the Company's borrowings under its bank facility for the three months ended September 30, 2013 was 4.3% (2012 – 4.2%).

## 6. DECOMMISSIONING OBLIGATIONS:

| | **Nine Months Ended September 30, 2013** | Year ended December 31, 2012 |
|---|---|---|
| Decommissioning obligations, beginning of period | **$ 108,787** | $ 104,836 |
| Obligations incurred | **9,341** | 8,254 |
| Obligations settled | **(3,954)** | (2,460) |
| Obligations divested | **(3,085)** | (1,148) |
| Change in estimated future cash outflows | **–** | (3,372) |
| Accretion of decommissioning liabilities | **2,011** | 2,677 |
| Decommissioning obligations, end of period | **$ 113,100** | $ 108,787 |

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 $113.1 million as at September 30, 2013 (December 31, 2012 – $108.8 million) based on an undiscounted total future liability of $114.8 million (December 31, 2012 – $113.4 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, 2012 – 2.55%).

## 7. SHARE CAPITAL:

At September 30, 2013, the Company was authorized to issue an unlimited number of common shares with the holders of common shares entitled to one vote per share.

**Share based payments:**

*Stock option program:*

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, 2013 | 6,420 | $ 9.94 |
| Granted | 2,388 | $ 7.01 |
| Exercised | (16) | $ 5.65 |
| Forfeited | (703) | $ 10.50 |
| Expired | (1) | $ 8.64 |
| **Balance at September 30, 2013** | **8,088** | **$ 9.03** |
| **Exercisable at September 30, 2013** | **3,072** | **$ 11.65** |

The following table summarizes information about the stock options outstanding at September 30, 2013:

| Range of exercise prices | Outstanding at Sept 30, 2013 | Weighted average remaining life (years) | Weighted average exercise price | Exercisable at Sept 30, 2013 | Weighted average exercise price |
|---|---|---|---|---|---|
| $ 5.16 to $ 7.01 | 2,912 | 2.8 | $ 5.78 | 795 | $ 5.66 |
| $ 7.02 to $ 9.94 | 2,016 | 3.4 | $ 7.22 | 58 | $ 8.24 |
| $ 9.95 to $14.63 | 1,385 | 2.1 | $ 11.18 | 539 | $ 11.30 |
| $14.64 to $18.29 | 1,775 | 0.5 | $ 14.74 | 1,680 | $ 14.72 |
| | 8,088 | 2.3 | $ 9.03 | 3,072 | $ 11.65 |

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, 2013** | Sept 30, 2012 | **Sept 30, 2013** | Sept 30, 2012 |
| Risk free interest rate (%) | **1.7** | 1.2 | **1.2** | 1.4 |
| Expected life (years) | **4.0** | 4.0 | **4.0** | 4.0 |
| Expected volatility (%) | **44** | 62 | **47** | 61 |
| Forfeiture rate (%) | **16.1** | 15.9 | **16.2** | 16.5 |
| Weighted average fair value of options | **$ 2.17** | $ 3.35 | **$ 2.65** | $ 3.16 |

**Restricted and Performance Award Incentive Plan:**

At the Company's annual and special meeting held on May 24, 2012, the shareholders of the Company approved the adoption of a Restricted and Performance Award Incentive Plan ("RPAP") which authorizes the Board of Directors to grant restricted awards ("RAs") and performance awards ("PAs") to directors, officers, employees, consultants or other service providers of Crew and its affiliates.

Subject to terms and conditions of the RPAP, each RA and PA entitles the holder to an award value to be typically paid as to one-third on each of the first, second and third anniversaries of the date of grant. For the purpose of calculating share-based compensation, the fair value of each award is determined at the grant date using the closing price of the common shares. For the three and nine months ended September 30, 2013, the fair value of awards granted were calculated using an estimated forfeiture rate of 6% and 5%, respectively. The weighted average fair value of awards granted for the three and nine months ended September 30, 2013 is $5.92 and $7.03, respectively. In the case of PAs, the award value is adjusted for a payout multiplier which can range from 0.0 to 2.0 and is dependent on the performance of the Company relative to pre-defined corporate performance measures for a particular period. On the vesting dates, the Company has the option of settling the award value in cash or common shares of the Company.

The number of restricted and performance awards outstanding are as follows:

| | Number of restricted awards | Number of performance awards |
|---|---|---|
| Balance January 1, 2013 | – | – |
| Granted | 318 | 336 |
| Forfeited | (19) | (17) |
| **Balance at September 30, 2013** | **299** | **319** |

**Per share amounts:**

Per share amounts have been calculated on the weighted average number of shares outstanding. The weighted average shares outstanding for the three month period ended September 30, 2013 was 121,635,000 (2012 – 120,830,000) and for the nine month period ended September 30, 2013, the weighted average number of shares outstanding was 121,627,000 (2012 – 120,768,000).

In computing the diluted per share amounts for the three month period ended September 30, 2013, nil (2012 – nil) shares were added to the weighted average Common Shares outstanding to account for the dilution of stock options and restricted and performance awards and for the nine month period ended September 30, 2013, nil (2012 – nil) shares were added to the weighted average Common Shares for the dilution. There were 8,088,000 (2012 – 9,498,000) stock options and 618,000 (2012 – nil) restricted and performance awards that were not included in the diluted 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 may, however, 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, 2013 the Company held derivative contracts as follows:

| Subject of Contract | Notional Quantity | Remaining Term | Reference | Average Strike Price | Contract Traded | Fair Value ($000s) |
|---|---|---|---|---|---|---|
| Oil | 5,750 bbl/day | October 1, 2013 – December 31, 2013 | CDN$ WTI | $94.24 | Swap | (7,129) |
| Oil | 750 bbl/day | October 1, 2013 – December 31, 2013 | CDN$ WTI | $85.00 – $95.00 | Collar[(1)] | (1,012) |
| Oil | 250 bbl/day | October 1, 2013 – December 31, 2013 | CDN$ WTI | $85.00 – $100.00 | Collar[(2)] | (186) |
| Oil | 4,250 bbl/day | October 1, 2013 – December 31, 2013 | CDN$ WCS – WTI diff | $(22.67) | Swap | 3,088 |
| Gas | 2,500 gj/day | October 1, 2013 – October 31, 2013 | AECO C Monthly Index | $2.93 | Swap | 37 |
| Gas | 5,000 gj/day | October 1, 2013 – October 31, 2013 | AECO C Monthly Index | $3.39 – $4.00 | Collar[(3)] | 223 |
| Gas | 5,000 gj/day | October 1, 2013 – December 31, 2013 | AECO C Monthly Index | $2.65 – $3.50 | Collar | 13 |
| Gas | 35,000 gj/day | October 1, 2013 – December 31, 2013 | AECO C Monthly Index | $3.03 | Swap | 325 |
| Oil | 250 bbl/day | January 1, 2014 – June 30, 2014 | CDN$ WTI | $103.00 | Swap | 92 |
| Oil | 2,500 bbl/day | January 1, 2014 – December 31, 2014 | CDN$ WTI | $95.81 | Swap | (2,812) |
| Oil | 250 bbl/day | January 1, 2014 – December 31, 2014 | CDN$ WTI | $92.20 | Call[(4)] | (806) |
| Oil | 500 bbl/day | January 1, 2014 – December 31, 2014 | CDN$ WTI | $100.00 | Call[(5)] | (175) |
| Oil | 500 bbl/day | January 1, 2014 – December 31, 2014 | CDN$ WTI | $96.05 | Call | (1,353) |
| Oil | 1,000 bbl/day | January 1, 2014 – December 31, 2014 | US$ WTI | $92.40 | Call | (3,023) |
| Oil | 250 bbl/day | January 1, 2014 – December 31, 2014 | CDN$ WTI | $85.00 – $103.25 | Collar | 189 |
| Oil | 500 bbl/day | January 1, 2014 – June 30, 2014 | CDN$ WCS – WTI diff | $(24.25) | Swap | 121 |
| Oil | 250 bbl/day | January 1, 2014 – June 30, 2014 | CDN$ WCS – WTI diff | $(24.50) | Swap | 51 |
| Oil | 1,000 bbl/day | January 1, 2014 – December 31, 2014 | CDN$ WCS – WTI diff | $(22.75) | Swap | 294 |
| Gas | 17,500 gj/day | January 1, 2014 – December 31, 2014 | AECO C Monthly Index | $3.58 | Swap | 1,334 |
| Gas | 5,000 gj/day | January 1, 2014 – December 31, 2014 | AECO C Monthly Index | $4.00 | Swaption[(3)] | (19) |
| Total | | | | | | (10,748) |

(1) The referenced contract is a fade-in Collar whereby the price is fixed at $95/bbl unless the market price falls below $85/bbl in which case the price received will be $85/bbl.

(2) The referenced contract is a fade-in Collar whereby the price is fixed at $100/bbl unless the market price falls below $85/bbl in which case the price received will be $85/bbl.

(3) The July to October 2013 Collar includes a $3.39 Put that was enhanced by the sale of the 2014 Swaption which gives the counterparties a one-time election to commit Crew to a 2014 Swap at $4.00 per GJ.

(4) This is a structured Call which is only triggered if the average CDN$ WTI trades above $100 per bbl for a given month during the term.

This is a structured Call which is only triggered if the average CDN$ WTI trades above $85 per bbl for a given month during the term.

As at September 30, 2013, a 10% decrease in the market price used to calculate unrealized gains and losses for the contracts above would result in a $15.0 million increase in income.

Subsequent to September 30, 2013, the Company entered into the following derivative contracts:

| Subject of Contract | Volume | Term | Reference | Strike Price | Option Traded |
|---|---|---|---|---|---|
| Gas | 5,000 gj/day | January 1, 2014 – December 31, 2014 | AECO C Monthly Index | $3.48 | Swap |

**(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 that 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, long-term debt (including the bank loan and the recently issued senior notes as described in note 10 – Subsequent Events), 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, amend, revise or extend the terms of the existing credit facility 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 long-term debt and net working capital, divided by annualized funds from operations for the most recent quarter.

The Company monitors this ratio and strives to maintain it at or below 2.0 to 1. During periods of increased capital expenditures, acquisitions or during periods of low commodity prices, this ratio will increase over short-term periods. The Company has created the flexibility to increase this ratio over short-term periods with the issuance of long-term senior notes which has created available capacity under its Facility. As shown below, as at September 30, 2013 the Company's ratio of net debt to annualized cash flow was 2.24 to 1 (December 31, 2012 – 1.55 to 1). The Company plans to continue its strategy of divesting of non-core properties, will adjust its annual capital expenditure program if necessary or may consider other forms of financing in order to maintain its financial flexibility.

| | **September 30, 2013** | December 31, 2012 |
|---|---|---|
| Net debt: | | |
| Accounts receivable | **$ 58,900** | $ 46,405 |
| Accounts payable and accrued liabilities | **(97,085)** | (94,927) |
| Working capital deficiency | **$ (38,185)** | $ (48,522) |
| Bank loan | **(338,908)** | (242,834) |
| Net debt | **$ (377,093)** | $ (291,356) |
| Annualized funds from operations: | | |
| Cash provided by operating activities | **$ 42,698** | $ 50,873 |
| Decommissioning obligations settled | **1,819** | 1,160 |
| Change in non-cash working capital | **(2,482)** | (4,923) |
| Funds from operations | **42,035** | 47,110 |
| Annualized | **$ 168,140** | $ 188,440 |
| Net debt to annualized funds from operations | **2.24** | 1.55 |

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The Facility is 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 | 2013 | 2014 | 2015 | 2016 | 2017 | Thereafter |
|---|---|---|---|---|---|---|---|
| Operating leases | 8,040 | 558 | 2,363 | 2,494 | 2,625 | – | – |
| Firm transportation agreements | 22,705 | 846 | 3,980 | 4,245 | 4,085 | 2,559 | 6,990 |
| Firm processing agreements | 113,821 | 2,125 | 10,357 | 14,729 | 14,550 | 13,507 | 58,553 |
| Total | 144,566 | 3,529 | 16,700 | 21,468 | 21,260 | 16,066 | 65,543 |

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 as well as firm service obligations for Alberta and British Columbia natural gas transportation.

The firm processing agreements include two commitments to process natural gas through third party owned gas processing facilities in the Septimus and Deep Basin areas until 2021 and 2024, respectively. For the Septimus agreement, 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 $22 million, the remaining commitment would be reduced by approximately $27 million.

## 10. SUBSEQUENT EVENT:

On October 21, 2013, the Company issued $150 million of 8.375% senior notes, due October 21, 2020. These notes are guaranteed, jointly and severally, on an unsecured basis, by each of the Company's current and future restricted subsidiaries. Interest on the notes accrues at the rate of 8.375% per year and is payable semi-annually. Prior to 2016, the Company may redeem up to 35% of the aggregate principal amount, with the cash proceeds from certain equity issues, at a redemption price of 108.375%, plus accrued and unpaid interest. In addition, at any time prior to 2016, the Company may redeem all or part of the notes plus a "make-whole" premium and any accrued and unpaid interest. At any time on or after October 21, 2016, the Company may redeem all or part of the notes at the redemption prices set forth below plus any accrued and unpaid interest:

| Year | Percentage |
|---|---|
| 2016 | 104.188% |
| 2017 | 102.792% |
| 2018 | 101.396% |
| 2019 | 100.000% |

Upon the occurrence of a change of control, the Company will be required to offer to repurchase each holder's notes at a price equal to 101% of the principal amount plus any accrued and unpaid interest.

# 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

JPMorgan Chase Bank

## LEGAL COUNSEL

Burnet, Duckworth & Palmer LLP

## RESERVE ENGINEERS

Sproule Associates Ltd.

## 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

**Dale O. Shwed**
President and Chief Executive Officer

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

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

**Ken Truscott**
Senior Vice President, Business Development and Land

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Vice President, Marketing

**Kurtis Fischer**
Vice President, Business Development

**Gary P. Smith**
Vice President, Exploration

**Shawn A. Van Spankeren, CMA**
Vice President, Finance and Admin

**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 |

TSX: CR

crew energy inc.

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