Consolidated Unaudited Financial Statements of

CREW ENERGY INC.

Three months and years ended December 31, 2018 and 2017

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(thousands)	**December 31, 2018**	December 31, 2017
Assets		
Current Assets:		
Accounts receivable	**$ 70,522**	$ 40,930
Derivative financial instruments (note 6)	**8,382**	1,666
	78,904	42,596
Other long-term assets	**-**	4,788
Property, plant and equipment (note 7)	**1,373,019**	1,340,736
	$ 1,451,923	$ 1,388,120
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued liabilities	**$ 58,538**	$ 70,073
Derivative financial instruments (note 6)	**-**	1,319
	58,538	71,392
Bank loan (note 9)	**59,904**	21,977
Senior unsecured notes (note 10)	**294,885**	293,862
Decommissioning obligations (note 11)	**89,448**	88,368
Deferred tax liability (note 13)	**52,798**	42,427
Shareholders' Equity		
Share capital (note 12)	**1,468,986**	1,458,086
Contributed surplus	**75,715**	73,158
Deficit	**(648,351)**	(661,150)
	896,350	870,094
Commitments (note 18)		
Subsequent event (note 6,19)		
	$ 1,451,923	$ 1,388,120

See accompanying notes to the consolidated financial statements.

On behalf of the Board of Directors:

(signed)

David G. Smith

Director

(signed)

Ryan A. Shay

Director

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(thousands, except per share amounts)	**Three months ended December 31, 2018**	Three months ended December 31, 2017	**Year ended December 31, 2018**	Year ended December 31, 2017
Revenue				
Petroleum and natural gas sales (note 14)	**$ 50,838**	$ 60,146	**$ 218,385**	$ 214,154
Royalties	**(3,433)**	(3,692)	**(15,123)**	(15,152)
Realized (loss) gain on derivative financial instruments	**(1,291)**	3,731	**(10,645)**	10,018
Unrealized gain (loss) on derivative financial instruments	**25,456**	(5,738)	**8,035**	19,737
Other revenue (note 14)	**4,073**	1,000	**11,989**	4,981
	75,643	55,447	**212,641**	233,738
Expenses				
Operating	**13,010**	13,716	**58,341**	52,933
Transportation	**3,719**	4,517	**16,007**	19,096
Marketing	**852**	-	**2,914**	-
General and administrative	**3,187**	3,173	**12,090**	11,914
Share-based compensation	**1,815**	1,267	**7,076**	8,650
Depletion and depreciation (note 7)	**18,459**	19,620	**77,373**	75,131
	41,042	42,293	**173,801**	167,724
Income from operations	**34,601**	13,154	**38,840**	66,014
Financing (note 15)	**6,198**	6,191	**25,216**	32,655
Impairment of property, plant and equipment (note 8)	**-**	-	**-**	16,710
Loss (gain) on divestiture of property, plant and equipment (note 7)	**-**	6,416	**(9,546)**	(33,951)
Income before income taxes	**28,403**	547	**23,170**	50,600
Deferred tax expense (recovery) (note 13)	**9,632**	(1,795)	**10,371**	16,195
Net income and comprehensive income	**$ 18,771**	$ 2,342	**$ 12,799**	$ 34,405
Net income per share (note 12)				
Basic	**$ 0.12**	$ 0.02	**$ 0.08**	$ 0.23
Diluted	**$ 0.12**	$ 0.02	**$ 0.08**	$ 0.23

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(thousands)	Number of shares	Share capital	Contributed surplus	Deficit	Total Shareholders' equity
Balance January 1, 2018	149,328	$1,458,086	$ 73,158	$ (661,150)	$ 870,094
Net income for the year	-	-	-	12,799	12,799
Share-based compensation expensed	-	-	7,076	-	7,076
Share-based compensation capitalized	-	-	6,381	-	6,381
Issued on vesting of share awards	2,402	10,900	(10,900)	-	-
Balance, December 31, 2018	**151,730**	**$1,468,986**	**$ 75,715**	**$ (648,351)**	**$ 896,350**

(thousands)	Number of shares	Share capital	Contributed surplus	Deficit	Total Shareholders' equity
Balance January 1, 2017	146,812	$1,442,284	$ 74,960	$ (695,555)	$ 821,689
Net income for the year	-	-	-	34,405	34,405
Share-based compensation expensed	-	-	8,650	-	8,650
Share-based compensation capitalized	-	-	7,690	-	7,690
Issued on vesting of share awards	3,440	19,053	(19,053)	-	-
Tax deduction on excess value of share awards	-	-	911	-	911
Shares purchased and cancelled (note 12)	(924)	(3,251)	-	-	(3,251)
Balance, December 31, 2017	**149,328**	**$1,458,086**	**$ 73,158**	**$ (661,150)**	**$ 870,094**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(thousands)	**Three months ended December 31, 2018**	Three months ended December 31, 2017	**Year ended December 31, 2018**	Year ended December 31, 2017
Cash provided by (used in):				
Operating activities:				
Net income	**$ 18,771**	$ 2,342	**$ 12,799**	$ 34,405
Adjustments:				
Unrealized (gain) loss on derivative financial instruments	**(25,456)**	5,738	**(8,035)**	(19,737)
Share-based compensation	**1,815**	1,267	**7,076**	8,650
Depletion and depreciation (note 7)	**18,459**	19,620	**77,373**	75,131
Financing expenses (note 15)	**6,198**	6,191	**25,216**	32,655
Interest expense (note 15)	**(5,461)**	(5,431)	**(22,235)**	(20,961)
Impairment of property, plant and equipment (note 8)	**-**	-	**-**	16,710
Loss (gain) on divestiture of property, plant and equipment (note 7)	**-**	6,416	**(9,546)**	(33,951)
Deferred tax expense (recovery) (note 13)	**9,632**	(1,795)	**10,371**	16,195
Decommissioning obligations settled (note 11)	**(237)**	(29)	**(1,194)**	(513)
Change in non-cash working capital (note 17)	**(843)**	9,165	**(2,663)**	8,706
	22,878	43,484	**89,162**	117,290
Financing activities:				
Increase (decrease) in bank loan	**10,587**	(9,719)	**37,927**	(66,059)
Issuance of senior notes, net of financing costs (note 10)	**-**	55	**-**	293,055
Redemption of senior notes (note 10)	**-**	-	**-**	(156,282)
Shares purchased and cancelled (note 12)	**-**	-	**-**	(3,251)
	10,587	(9,664)	**37,927**	67,463
Investing activities:				
Property, plant and equipment expenditures (note 7)	**(33,174)**	(36,413)	**(101,878)**	(238,302)
Property acquisitions	**(175)**	(1)	**(201)**	(3,827)
Property dispositions	**-**	1,710	**10,007**	51,733
Purchase of other long-term assets	**-**	(4,788)	**-**	(4,788)
Change in non-cash working capital (note 17)	**(116)**	5,672	**(35,017)**	10,431
	(33,465)	(33,820)	**(127,089)**	(184,753)
Change in cash and cash equivalents	**-**	-	**-**	-
Cash and cash equivalents, beginning of year	**-**	-	**-**	-
Cash and cash equivalents, end of year	**$ -**	$ -	**$ -**	$ -

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2018 and 2017

(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 Canada Sedimentary basin, primarily in the provinces of British Columbia, Saskatchewan and Alberta. The consolidated financial statements (the "financial statements") of the Company are comprised of the accounts of Crew and its wholly owned subsidiary, Crew Oil and Gas Inc. which is incorporated in Canada, and two partnerships, Crew Energy Partnership and Crew Heavy Oil Partnership. 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 International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. A summary of the significant accounting policies and method of computation is presented in note 3.

The financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value. The methods used to measure fair values are discussed in note 4.

These financial statements are presented in Canadian dollars ("CDN"), which is the functional currency of the Company, its subsidiary and partnerships.

Expenses in the statement of income are presented as a combination of function and nature in conformity with industry practice. Share-based compensation and depletion and depreciation expenses are presented on separate lines by their nature, while operating, transportation, marketing and general and administrative expenses are presented on a functional basis.

Certain prior year amounts have been reclassified to conform to current presentation.

The financial statements were authorized for issuance by Crew's Board of Directors on March 4, 2019.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

(a) Basis of consolidation:

(i) Subsidiaries:

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, substantive potential voting rights are taken into account. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases. The acquisition method of accounting is used to account for acquisitions of subsidiaries and assets that meet the definition of a business under IFRS. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized immediately in the statement of income.

(ii) Jointly owned assets:

Some of the Company's oil and natural gas activities involve jointly owned assets. The financial statements include the Company's share of these jointly owned assets and its proportionate share of the relevant revenue and related costs.

(iii) Transactions eliminated on consolidation:

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the financial statements.

(b) Foreign currency:

Transactions in foreign currencies are translated to Canadian dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the period end exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognized in profit or loss.

(c) Financial instruments:

(i) Non-derivative financial instruments:

Non-derivative financial instruments are comprised of cash and cash equivalents, accounts receivable, accounts payable, the bank loan and the senior unsecured notes. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Cash and cash equivalents is comprised of cash on hand, term deposits held with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management, whereby management has the ability and intent to net bank overdrafts against cash, are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Other non-derivative financial instruments, such as accounts receivable, the bank loan, the senior unsecured notes and accounts payable, are measured at amortized cost using the effective interest method, less any impairment losses.

(ii) Derivative financial instruments:

The Company enters into certain financial derivative contracts in order to manage the exposure to market risks from fluctuations in commodity prices, interest rates and the exchange rate between Canadian and United States dollars. These instruments are not used for trading or speculative purposes. The Company has not designated its financial derivative contracts as effective accounting hedges, and thus has not applied hedge accounting, even though the Company considers all financial derivative contracts to be economic hedges. As a result, all financial derivative contracts are classified at fair value through profit or loss and are recorded on the statement of financial position at fair value. Transaction costs are recognized in profit or loss when incurred.

(iii) Share capital:

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares and restricted and performance awards are recognized as a deduction from equity, net of any tax effects.

(d) Property, plant and equipment and intangible exploration assets:

(i) Recognition and measurement:

Exploration and evaluation ("E&E") expenditures:

Pre-license costs are recognized in the statement of income (loss) as incurred.

E&E costs, including the costs of acquiring leases and licenses initially are capitalized as E&E assets. The costs are accumulated in cost centres by well, field or exploration area pending determination of technical feasibility and commercial viability.

E&E assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For purposes of impairment testing, E&E assets are allocated to the related cash-generating unit ("CGU").

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven and/or probable reserves are determined to exist. A review of each exploration license or field is carried out, at least annually, to ascertain whether proven and/or probable reserves have been discovered. Upon determination of proven and/or probable reserves, intangible E&E assets attributable to those reserves are first tested for impairment and then reclassified from E&E assets to a separate category within tangible assets referred to as oil and natural gas interests.

Development and production costs:

Items of property, plant and equipment, which include oil and gas development and production assets, are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. Development and production assets are grouped into CGUs for impairment testing. When significant parts of an item of property, plant and equipment, including oil and natural gas interests, have different useful lives they are accounted for as separate items (major components).

Gains and losses on disposal of property, plant and equipment, property swaps and farm-outs, are determined by comparing the proceeds or fair value of the asset received or given up with the carrying amount of property, plant and equipment and are recognized in profit or loss.

(ii) Subsequent costs:

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property, plant and equipment are recognized as oil and natural gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. Such capitalized oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing on or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as operating costs as incurred.

(iii) Depletion and depreciation:

The net carrying value of development or production assets is depleted using the unit of production method by reference to the ratio of production in the year to the related proven and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Relative volumes of reserves and production are converted at the energy equivalent conversion ratio of six thousand cubic feet of natural gas to one barrel of oil. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers at least annually.

The estimated useful lives for certain production assets for the current and comparative years are as follows:

Gas processing plants	Unit of production
Pipeline facilities	Unit of production
Turnaround and workover costs	2 years straight line

For other assets, depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Assets that are subject to finance leases are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for other assets for the current and comparative years are as follows:

Office equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(iv) Assets held for sale:

Non-current assets, or disposal groups consisting of assets and liabilities, are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is met when the sale is highly probable and the asset is available for immediate sale in its present condition.

Non-current assets classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell, with impairments recognized in profit or loss in the period measured. Non-current assets and disposal groups held for sale are presented in current assets and liabilities on the statement of financial position.

(e) Leased assets:

Leases where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance expenses and the reduction of the outstanding liability. The finance expenses are allocated to each year during the lease term to produce a constant periodic rate of interest on the remaining balance of the liability. The Company does not currently hold any finance leases.

Other leases are operating leases, which are not recognized on the Company's statement of financial position.

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

(f) Impairment:

(i) Financial assets:

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

(ii) Non-financial assets:

The carrying amounts of the Company's non-financial assets, other than E&E assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, an impairment test is completed each year. E&E assets are assessed for impairment when they are reclassified to property, plant and equipment, and also if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets or CGUs. The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proven and probable reserves.

The goodwill acquired in an acquisition, for the purpose of impairment testing, is allocated to the CGUs that are expected to benefit from the synergies of the combination. E&E assets are allocated to related CGUs when they are assessed for impairment, both at the time of any triggering facts and circumstances as well as upon their eventual reclassification to property, plant and equipment.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of property, plant and equipment and E&E assets, recognized in prior years, is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized. An impairment loss in respect of goodwill is not reversed.

(g) Share based payments:

The grant date fair value of restricted and performance awards granted to employees is recognized as compensation expense, with a corresponding increase in contributed surplus over the vesting period. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of restricted and performance awards that are expected to vest. A performance multiplier is estimated on the grant date for performance awards and adjusted to reflect the number of performance awards that are expected to vest.

(h) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

(i) Decommissioning obligations:

The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of site restoration and capitalized in the relevant asset category.

Decommissioning obligations are measured at the present value of management's best estimate of expenditure required to settle the present obligation at the statement of financial position date. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as a finance cost whereas increases/decreases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

(i) Revenue:

Revenue from the sale of crude oil, natural gas, condensate and natural gas liquids is recorded when control of the product is transferred to the buyer based on the consideration specified in the contracts with customers. This usually occurs when the product is physically transferred at the delivery point agreed upon in the contract and legal title to the product passes to the customer.

The Company evaluates its arrangements with third parties and partners to determine if the Company acts as the principal or as an agent. In making this evaluation, the Company considers if it obtains control of the product delivered or services provided, which is indicated by the Company having the primary responsibility for the delivery of the product or rendering of the service, having the ability to establish prices or having inventory risk. If the Company acts in the capacity of an agent rather than as a principal in a transaction, then the revenue is recognized on a net-basis, only reflecting the fee, if any, realized by the Company from the transaction.

Tariffs, tolls and other fees charged to other entities for use of pipelines and facilities owned by the Company are evaluated by management to determine if these originate from contracts with customers or from incidental or collaborative arrangements. Fees charged to other entities that are from contracts with customers are recognized in revenue when the related services are provided.

Royalty income is recognized as it accrues in accordance with the terms of the overriding royalty agreements.

(j) Finance income and expenses:

Finance expense comprises interest expense on borrowings, accretion of the discount on provisions, accretion of deferred financing costs, impairment losses recognized on financial assets and corporate acquisition costs.

Borrowing costs incurred for the construction of qualifying assets are capitalized during the period of time that is required to complete and prepare the assets for their intended use or sale. All other borrowing costs are recognized in profit or loss using the effective interest method. The capitalization rate used to determine the amount of borrowing costs to be capitalized is the weighted average interest rate applicable to the Company's outstanding borrowings during the period.

Interest income is recognized as it accrues in profit or loss, using the effective interest method.

(k) Income tax:

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) Earnings per share:

Basic earnings per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as restricted and performance awards granted to employees.

(m) Flow-through shares:

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with tax legislation. On issuance, the premium received on the flow-through shares, being the difference in price over a common share with no tax attributes, is recognized on the statement of financial position. As expenditures are incurred the deferred tax liability associated with the renounced tax deductions are recognized through profit or loss along with a pro-rata portion of the deferred premium.

(n) Inventory:

The Company evaluates the carrying value of its inventory at the lower of cost and net realizable value. The net realizable value is estimated based on anticipated current market prices that the Company would expect to receive from the sale of its inventory.

(o) Critical accounting judgments and key sources of estimation uncertainty:

The timely preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant estimates and judgments made by management in the preparation of these financial statements are outlined below.

Critical judgments in applying accounting policies:

The following are the critical judgments that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in these consolidated financial statements:

(i) Identification of CGUs

Crew's assets are aggregated into CGUs, for the purpose of calculating impairment, based on their ability to generate largely independent cash flows. By their nature, these estimates and assumptions are subject to measurement uncertainty and may impact the carrying value of the Company's assets in future periods.

(ii) Impairment of petroleum and natural gas assets

Judgments are required to assess when impairment indicators, or reversal indicators, exist and impairment testing is required. In determining the recoverable amount of assets, in the absence of quoted market prices, impairment tests are based on estimates of reserves, production rates, future oil and natural gas prices, future costs, discount rates, market value of land and other relevant assumptions.

(iii) Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires management to make certain judgments as to future events and circumstances as to whether economic quantities of reserves have been found in assessing economic and technical feasibility.

(iv) Deferred income taxes

Judgments are made by management to determine the likelihood of whether deferred income tax assets at the end of the reporting period will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

Key sources of estimation uncertainty:

The following are the key assumptions concerning the sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities.

(i) Reserves

The assessment of reported recoverable quantities of proved and probable reserves include estimates regarding production profile, commodity prices, exchange rates, remediation costs, timing and amount of future development costs, and production, transportation and marketing costs for future cash flows. It also requires interpretation of geological and geophysical models in anticipated recoveries. The economical, geological and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact the carrying values of the Company's petroleum and natural gas properties and equipment, the calculation of depletion and depreciation, the provision for decommissioning obligations, and the recognition of deferred tax assets due to changes in expected future cash flows. The recoverable quantities of reserves and estimated cash flows from Crew's petroleum and natural gas interests are independently evaluated by reserve engineers at least annually.

The Company's petroleum and natural gas reserves represent the estimated quantities of petroleum, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be economically recoverable in future years from known reservoirs and which are considered commercially producible. Such reserves may be considered commercially producible if management has the intention of developing and producing them and such intention is based upon (i) a

reasonable assessment of the future economics of such production; (ii) a reasonable expectation that there is a market for all or substantially all the expected petroleum and natural gas production; and (iii) evidence that the necessary production, transmission and transportation facilities are available or can be made available. Reserves may only be considered proven and probable if producibility is supported by either production or conclusive formation tests. Crew's petroleum and gas reserves are determined pursuant National Instrument 51-101, Standard of Disclosures for Oil and Gas Activities.

(ii) Decommissioning obligations

The Company estimates future remediation costs of production facilities, wells and pipelines at different stages of development and construction of assets or facilities. In most instances, removal of assets occurs many years into the future. This requires assumptions regarding abandonment date, future environmental and regulatory legislation, the extent of reclamation activities, the engineering methodology for estimating cost, future removal technologies in determining the removal cost and liability-specific discount rates to determine the present value of these cash flows.

(iii) Business combinations

In a business combination, management makes estimates of the fair value of assets acquired and liabilities assumed which includes assessing the value of oil and gas properties based upon the estimation of recoverable quantities of proven and probable reserves being acquired.

(iv) Share-based payments

All equity-settled, share-based awards issued by the Company are recorded at fair value. The fair value of restricted and performance awards are valued based on the closing stock price at grant date. In assessing the fair value of equity-based compensation, estimates have to be made regarding the performance multiplier for performance awards.

(v) Income taxes

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods. Deferred tax assets, if any, are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse.

(vi) Derivatives

The Company's estimate of the fair value of derivative financial instruments is dependent on estimate forward prices and volatility in those prices.

4. Determination of fair values:

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment and intangible exploration assets:

The fair value of property, plant and equipment recognized in an acquisition is based on market values. The market value of property, plant and equipment is the estimated amount for which property, plant and equipment could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of oil and natural gas interests (included in property, plant and equipment) and intangible exploration assets is

estimated with reference to the discounted cash flows expected to be derived from oil and natural gas production based on externally prepared reserve reports. The risk-adjusted discount rate is specific to the asset with reference to general market conditions.

The market value of other items of property, plant and equipment is based on the quoted market prices for similar items.

(ii) Cash and cash equivalents, accounts receivable, accounts payable, bank loans and the senior unsecured notes:

The fair value of cash and cash equivalents, accounts receivable, accounts payable, bank loans and the senior unsecured notes are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At December 31, 2018 and December 31, 2017, the fair value of accounts receivable and accounts payable approximated their carrying value due to their short term to maturity. Bank loans bear a floating rate of interest and the margins charged by the lenders are indicative of current credit spreads and therefore carrying value approximates fair value. The fair value of the senior unsecured notes fluctuates in response to changes in the market rates of interest payable on similar instruments. At December 31, 2018 and December 31, 2017, the carrying value of the unsecured notes approximated fair value.

(iii) Derivatives:

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 statement of financial position date, using the remaining contracted volumes and a credit adjusted interest rate. 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.

(iv) Restricted and performance awards:

The fair value of restricted and performance awards is measured at the grant date using the closing price of the common shares.

5. Change in accounting policies:

(i) Adoption of IFRS 9 – Financial Instruments:

On January 1, 2018, the Company adopted IFRS 9 Financial Instruments. IFRS 9 introduces new requirements for the classification and measurement of financial assets, amends the requirements related to hedge accounting, and introduces a forward-looking expected loss impairment model. As a result of adopting IFRS 9, certain financial assets were reclassified from fair value through profit and loss to assets at amortized cost. The change in classification category did not result in an adjustment to the carrying amount of the related assets and the adoption of this standard has not had a material impact on the Company's financial statements.

(ii) Adoption of IFRS 15 – Revenue from Contracts with Customers:

On January 1, 2018, the Company adopted IFRS 15 Revenue from Contracts with Customers. The new standard replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. IFRS 15 dictates the recognition and measurement requirements for reporting the nature, amount, timing and uncertainty of revenue resulting from an entity's contracts with customers using a single principles based, five step model. The Company used the cumulative effect method to adopt the new standard. There was no adjustment to opening retained earnings as at January 1, 2018 based on the Company's assessment of customer contracts not yet completed as at January 1, 2018.

The additional disclosures required by IFRS 15, including those required for the cumulative effect method, are disclosed in note 14.

(iii) Future adoption of IFRS 16 – Leases:

As of January 1, 2019, the Company will be required to adopt IFRS 16 Leases, which will replace IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease. On adoption of IFRS 16, the Company will recognize lease liabilities related to leases previously classified as operating leases. The lease liability will be calculated as the present value of the remaining lease payments, discounted using the Company's borrowing rate on January 1, 2019. The Company plans to use the modified retrospective approach on adoption of IFRS 16 and intends to use the following practical expedients permitted under the standard. Some of these expedients are on a lease-by-lease basis and others are applicable by class of underlying assets:

- Account for leases with a remaining term of less than 12 months at January 1, 2019 as short-term leases;
- Account for lease payments as an expense and not recognize a right-of-use asset if the underlying asset is of a lower dollar value;
- Apply a single discount rate to a portfolio of leases with similar characteristics; and
- Recognize lease liabilities at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or the Company’s incremental borrowing rate as at January 1, 2019. The associated ROU assets will be measured at the amount equal to the lease liability on date of transition.

Management has identified right of use assets and lease liabilities relating primarily to office space and field vehicles. The impact to the consolidated financial statements will be as follows:

- Lower general and administrative expenses and operating costs;
- Higher finance expenses due to the interest recognized on the lease obligations; and
- Higher depletion and depreciation expense relating to the right of use assets.

As at December 31, 2018, the Company is in the process of finalizing the full financial impact of IFRS 16 and developing and implementing polices, internal controls and processes.

6. Financial risk management:

The Company’s activities expose it to a variety of financial risks that arise as a result of its exploration, development, production, and financing activities such as:

- Credit risk;
- Market risk; and
- Liquidity risk.

This note presents information about the Company’s exposure to each of the above risks, the Company’s objectives, policies and processes for measuring and managing risk and the Company’s management of capital. Further quantitative disclosures are included throughout these financial statements.

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

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company’s receivables from partners within jointly owned assets and operations, oil and natural gas marketers and counterparties to derivative financial assets. The maximum exposure to credit risk at year-end is as follows:

	December 31, 2018	December 31, 2017
Trade and other receivables	**$ 70,522**	$ 40,930
Derivative financial assets	**8,382**	1,666
	$ 78,904	$ 42,596

Trade and other receivables:

Substantially all of the Company's petroleum and natural gas production is marketed under standard industry terms. Receivables from petroleum and natural gas marketers are normally collected on the 25th day of the month following production. The Company's policy to mitigate credit risk associated with these balances is to establish marketing relationships with large credit worthy purchasers and to sell through multiple purchasers. During 2018, the Company had four customers that individually accounted for 10% or more of the Company's total revenues. The Company historically has not experienced any collection issues with its petroleum and natural gas marketers. Receivables from partners within jointly owned assets and operations are typically collected within one to three months of the bill being issued to the partner. The Company attempts to mitigate the risk from these receivables by obtaining partner approval of significant capital expenditures prior to the expenditure. However, the receivables are from participants in the petroleum and natural gas sector and collection of the outstanding balances can be impacted by industry factors such as commodity price fluctuations, limited capital availability and unsuccessful drilling programs. The Company does not typically obtain collateral from petroleum and natural gas marketers or joint asset partners; however, the Company can cash call for major projects and does have the ability, in some cases, to withhold production from joint asset partners in the event of non-payment.

Derivative financial assets:

Derivative financial assets can consist of commodity, interest rate and foreign exchange contracts used to manage the Company's exposure to fluctuations in commodity prices, interest rates and the exchange rate between United States and Canadian dollars. The Company manages the credit risk exposure related to derivative financial assets by selecting investment grade counterparties and by not entering into contracts for trading or speculative purposes.

The carrying amount of accounts receivable and derivative financial assets, when outstanding, represents the maximum credit exposure. As at December 31, 2018, the Company's receivables consisted of $23.9 million (December 31, 2017 - $27.2 million) of receivables from petroleum and natural gas marketers, of which all have been subsequently collected, $34.6 million (December 31, 2017 - $3.8 million) from partners within jointly owned assets and operations of which $0.1 million has been subsequently collected, and $12.0 million (December 31, 2017 - $9.9 million) of deposits, prepaids and other accounts receivable, which includes a $9.6 million government grant credit earned through the completion of the construction of the Pine River pipeline, of which $0.1 million has subsequently been collected. The Company does not consider any receivables to be past due.

(b) Market risk:

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

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

Foreign currency exchange rate risk:

Foreign currency exchange rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The majority of the Company's petroleum and natural gas sales are conducted in Canada and are denominated in Canadian dollars; however, Canadian commodity prices are influenced by fluctuations in the Canadian to U.S. dollar exchange rate.

Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate fluctuations on its bank loan which bears a floating rate of interest. Average bank debt outstanding during the year ending December 31, 2018 was $46.1 million (December 31, 2017 - $26.8 million). For the year ended December 31, 2018, a 1.0 percent change to the effective interest rate would have a $0.5 million impact on net income (December 31, 2017 - $0.3 million). The interest rate on the senior unsecured notes is fixed and is not subject to interest rate risk.

Commodity price risk:

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted by not only the relationship between the Canadian and United States dollar, but also North American and global economic events that dictate the levels of crude oil, natural gas and natural gas liquids supply and demand. The Company has attempted to mitigate a portion of the commodity price risk through the use of various financial derivative and physical delivery sales contracts as outlined below. The Company's policy is to enter into commodity price contracts when considered appropriate to a maximum of 50% of forecasted gross production volumes for a period of not more than two years. Any contracts for volumes greater than 50% of forecasted gross production or extending beyond two years require approval from the Board of Directors.

Derivative assets:

Derivatives are recorded on the statement of financial position at fair value at each reporting period with the change in fair value being recognized as an unrealized gain or loss on the statement of income.

The Company's derivatives are measured in accordance with a three level hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

a) Level 1: fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

b) Level 2: fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices); and

c) Level 3: fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's derivative contracts are valued using Level 2 of the hierarchy.

At December 31, 2018, the Company held derivative commodity contracts as follows:

Subject of Contract	Notional Quantity	Term	Reference	Strike Price	Option Traded	Fair Value
Gas	22,500 mmbtu/day	January 1, 2019 - December 31, 2019	Chicago Citygate	$3.54/mmbtu	Swap	$ (1,054)
Gas	5,000 mmbtu/day	January 1, 2019 - December 31, 2019	Dawn Daily index	$3.56/mmbtu	Swap	(113)
Gas	7,500 mmbtu/day	January 1, 2019 - December 31, 2019	US$ Nymex Henry Hub	$2.98 US/mmbtu	Swap	653
Oil	250 bbl/day	January 1, 2019 - June 30, 2019	CDN$ WTI	$83.80/bbl	Swap	926
Oil	500 bbl/day	January 1, 2019 - June 30, 2019	CDN$ WCS	$52.93/bbl	Swap	1,272
Oil	250 bbl/day	January 1, 2019 - June 30, 2019	CDN$ WCS - WTI Differential	($25.75)/bbl	Swap	(56)
Oil	1,750 bbl/day	January 1, 2019 - December 31, 2019	CDN$ WTI	$75.44/bbl	Swap	6,754
Total						**$ 8,382**

As at December 31, 2018, a 10% change in future commodity prices applied against these contracts would have a $6.8 million impact on net income.

Subsequent to December 31, 2018, the Company entered into the following derivative commodity contracts:

Subject of Contract	Notional Quantity	Term	Reference	Strike Price	Option Traded
Gas	2,500 mmbtu/day	April 1, 2019 - October 31, 2019	Chicago Citygate	$3.44/mmbtu	Swap
Gas	2,500 mmbtu/day	April 1, 2019 - October 31, 2019	Dawn Daily index	$3.52 US/mmbtu	Swap
Gas	2,500 mmbtu/day	April 1, 2019 - October 31, 2019	US$ Nymex Henry Hub	$2.85 US/mmbtu	Swap
Oil	500 bbl/day	July 1, 2019 - December 31, 2019	CDN$ WCS - WTI Differential	($25.23)/bbl	Swap

(c) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with the financial liabilities. The Company's financial liabilities consist of accounts payable, financial instruments, the bank loan and the senior unsecured notes. Accounts payable consists of invoices payable to trade suppliers for office, field operating activities and capital expenditures. The Company processes invoices within a normal payment period. Accounts payable and financial instruments have contractual maturities of less than one year. The Company maintains a revolving credit facility, as outlined in note 9, which is subject to annual renewal by the lenders and has a contractual maturity in 2019. In addition, the Company issued $300 million in senior unsecured notes in 2017 that are scheduled to mature in 2024, as discussed in note 10.

The Company maintains and monitors cash flow which is used to partially finance operating and capital expenditures. The Company does not pay dividends.

Capital management:

The Company considers its capital structure to include working capital, long-term debt (including the bank loan and senior unsecured notes) 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 ongoing basis in order to maintain the flexibility needed to achieve the Company's long-term objectives. To manage its capital structure, the Company may adjust capital spending, hedge future revenue through commodity contracts, issue new equity, issue new debt or repay existing debt through asset sales.

The Company monitors debt levels based on the ratio of net debt to annualized adjusted funds flow. The ratio represents the time period it would take to pay off the debt if no further capital expenditures were incurred and if adjusted funds flow remained constant. This ratio is calculated as net debt, defined as outstanding long-term debt and net working capital, divided by annualized adjusted funds flow for the most recent quarter.

The Company monitors this ratio and endeavours to maintain it at or below 2.0 to 1.0. During periods of increased capital expenditures, acquisitions or low commodity prices, this ratio will increase over the Company's target. As shown below, as at December 31, 2018, the Company's ratio of net debt to annualized adjusted funds flow was 3.6 to 1 (December 31, 2017 – 2.5 to 1). In the current depressed and volatile commodity price environment, Crew plans to limit capital expenditures to approximate adjusted funds flow. With only 25% drawn on the Company's $235 million Facility and the senior unsecured notes termed out to 2024, the Company's financial position remains strong. The Company will continue to monitor this ratio and, if necessary, it will consider divesting of non-core properties, will further adjust its annual capital expenditure program or may consider other forms of financing to further strengthen its financial position.

	December 31, 2018	December 31, 2017
Net debt:		
Accounts receivable	**$ 70,522**	$ 40,930
Accounts payable and accrued liabilities	**(58,538)**	(70,073)
Working capital surplus (deficiency)	**$ 11,984**	$ (29,143)
Bank loan	**(59,904)**	(21,977)
Senior unsecured notes	**(294,885)**	(293,862)
Net debt	**$ (342,805)**	$ (344,982)
Fourth quarter annualized adjusted funds flow:		
Cash provided by operating activities	**$ 22,878**	$ 43,484
Decommissioning obligations settled	**237**	29
Change in non-cash working capital	**843**	(9,165)
Accretion of deferred financing charges	**(246)**	(261)
Fourth quarter adjusted funds flow	**$ 23,712**	$ 34,087
Annualized	**$ 94,848**	$ 136,348
Net debt to annualized adjusted funds flow	**3.6**	2.5

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 (Bank loan – note 9).

7. Property, plant and equipment:

Cost or deemed cost	Total
Balance, January 1, 2017	$ 2,181,279
Additions	238,302
Acquisitions	6,827
Divestitures	(22,626)
Change in decommissioning obligations	2,853
Capitalized share-based compensation	7,690
Balance, December 31, 2017	$ 2,414,325
Additions	103,219
Acquisitions	201
Divestitures	(875)
Change in decommissioning obligations	730
Capitalized share-based compensation	6,381
Balance, December 31, 2018	**$ 2,523,981**

Accumulated depletion and depreciation	Total
Balance, January 1, 2017	$ 981,827
Depletion and depreciation expense	75,131
Divestitures	(79)
Impairment	16,710
Balance, December 31, 2017	$ 1,073,589
Depletion and depreciation expense	77,373
Balance, December 31, 2018	**$ 1,150,962**

Net book value	Total
Balance, December 31, 2018	**$ 1,373,019**
Balance, December 31, 2017	$ 1,340,736

Included in property, plant and equipment additions for the year ended December 31, 2018 is $1.3 million of pipe inventory transferred from other long-term assets upon the construction of the West Septimus pipeline to the TransCanada Pipeline Saturn meter station.

The calculation of depletion for the three months ended December 31, 2018 included estimated future development costs of $1,894.4 million (December 31, 2017 - $1,764.2 million) associated with the development of the Company's proved plus probable reserves and excludes salvage value of $70.5 million (December 31, 2017 - $70.0 million) and undeveloped land of $159.3 million (December 31, 2017 - $161.6 million) related to future development acreage, with no associated reserves.

During the first quarter of 2018, the Company disposed of non-core assets for cash proceeds of $10.0 million. The assets consisted of petroleum and natural gas properties and undeveloped land with a net book value of $0.9 million and associated decommissioning obligations of $0.4 million, resulting in a gain of $9.5 million on closing of the disposition.

During the fourth quarter of 2017, the Company disposed of non-core assets for cash proceeds of $1.7 million. The assets consisted of petroleum and natural gas properties and undeveloped land with a net book value of $9.3 million and associated decommissioning obligations of $1.2 million, resulting in a loss of $6.4 million on closing of the disposition.

During the third quarter of 2017, the Company entered into a swap of petroleum and natural gas properties and undeveloped land with a total net book value of $1.1 million and associated decommissioning obligations of $0.1 million for land with a fair value of $3.0 million and $0.1 million cash, resulting in a gain of $2.1 million.

During the second quarter of 2017, the Company disposed of non-core assets in northeast British Columbia for cash proceeds of $49.1 million. The assets consisted of undeveloped land and had a net book value of $11.4 million and associated decommissioning obligations of $0.2 million, resulting in a gain of $37.9 million on closing of the disposition.

8. Impairment:

	Year Ended December 31, 2018	Year Ended December 31, 2017
Impairment losses:		
PP&E	**$ -**	$ 16,710
	$ -	$ 16,710

Assessment:

At December 31, 2018, the Company completed an assessment of the indicators of impairment. As a result of indicators being present, the Company tested the northeast British Columbia CGU and Lloydminster CGU for impairment at December 31, 2018. At December 31, 2017, the Company identified indicators of impairment and completed impairment testing for the northeast British Columbia CGU, but did not identify indicators of impairment for the Lloydminster CGU.

For the purpose of impairment testing, the recoverable amount of the Company's CGUs is the greater of its value in use and its fair value less costs to sell. Value in use is generally the future cash flows expected to be derived from production of proven and probable reserves estimated by the Company's third party reserve evaluators and the internally estimated future cash flows of undeveloped lands. At December 31, 2018, the Company used value in use, discounted at pre-tax rates between 10% and 30% (December 31, 2017 – 10% and 20%) dependent on the risk profile of the reserve category and CGU. At Q2 2017, the fair value less cost to sell was determined to be the appropriate measure for the Lloydminster CGU.

Impairment reversals are recognized to the extent that impairment had been previously recorded, but are limited to the net book value that would exist had the original impairment never been recorded, including estimates for depletion.

(a) Results of 2018 assessment:

The following estimates were used in determining whether an impairment or reversal to the carrying value of the CGU existed at December 31, 2018:

	WTI Oil (US$/bbl)	WCS ($CDN/bbl)	AECO Gas ($CDN/mmbtu)	$US/$CDN
2019	63.00	59.47	1.95	0.77
2020	67.00	62.31	2.44	0.80
2021	70.00	67.45	3.00	0.80
2022	71.40	69.53	3.21	0.80
2023	72.83	71.66	3.30	0.80
2024	74.28	73.10	3.39	0.80
2025	75.77	74.56	3.49	0.80
2026	77.29	76.05	3.58	0.80
2027	78.83	77.57	3.68	0.80
2028	80.41	79.12	3.78	0.80
2029	82.02	80.70	3.88	0.80
Remainder	+2.0%/yr	+2.0%/yr	+2.0%/yr	0.80 thereafter

At December 31, 2018, due to weakness in the Canadian commodity price environment, the Company tested its northeast British Columbia CGU and Lloydminster CGU for impairment. It was determined that the recoverable amount of the northeast British Columbia CGU and Lloydminster CGU exceeded their carrying value and an impairment charge was not recorded.

(b) Results of 2017 assessment:

The following estimates were used in determining whether an impairment or reversal to the carrying value of the CGUs existed at December 31, 2017:

	WTI Oil (US$/bbl)	WCS ($CDN/bbl)	AECO Gas ($CDN/mmbtu)	$US/$CDN
2018	55.00	51.05	2.85	0.79
2019	65.00	59.61	3.11	0.82
2020	70.00	64.94	3.65	0.85
2021	73.00	68.43	3.80	0.85
2022	74.46	69.80	3.95	0.85
2023	75.95	71.20	4.05	0.85
2024	77.47	72.62	4.15	0.85
2025	79.02	74.07	4.25	0.85
2026	80.60	75.55	4.36	0.85
2027	82.21	77.06	4.46	0.85
2028	83.85	78.61	4.57	0.85
Remainder	+2.0%/yr	+2.0%/yr	+2.0%/yr	0.85 thereafter

At December 31, 2017, due to weakness in the Canadian natural gas price environment, the Company tested its northeast British Columbia CGU for impairment. It was determined that the recoverable amount of the northeast British Columbia CGU exceeded its carrying value and an impairment charge was not recorded.

In the second quarter of 2017, due to the continuing decline in the Canadian heavy oil price environment, reduced future heavy oil development plans and the prevailing heavy oil transaction market, the Company tested its Lloydminster CGU for impairment using the fair value less cost to sell measure. It was determined that the carrying value of the Lloydminster heavy oil CGU exceeded its fair value and a $16.7 million impairment charge was recorded.

9. Bank loan:

As at December 31, 2018, the Company’s bank facility consists of a revolving line of credit of $210 million and an operating line of credit of $25 million (the "Facility"). The Facility revolves for a 364 day period and will be subject to its next 364 day extension by June 5, 2019. 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 (the “Borrowing Base”) are reviewed semi-annually and are based on the bank syndicate’s interpretation of the Company’s reserves and future commodity prices. There can be no assurance that the amount of the available Facility will not be adjusted at the next scheduled Borrowing Base review on or before June 5, 2019. The Facility is secured by a floating charge debenture and a general securities agreement on the assets of the Company.

Advances under the Facility are available by way of prime rate loans with interest rates between 0.50 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 1.50 percent to 3.50 percent depending upon the debt to EBITDA ratio of the Company calculated at the Company's previous quarter end. Standby fees are charged on the undrawn Facility at rates ranging from 0.338 percent to 0.788 percent depending upon the debt to EBITDA ratio. As at December 31, 2018, the Company’s applicable pricing included a 0.50 percent margin on prime lending, a 1.50 percent stamping fee and margin on bankers’ acceptances and LIBOR loans along with a 0.338 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 December 31, 2018, the Company had issued letters of credit totaling $20.9 million (December 31, 2017 - $7.7 million).

10. Senior unsecured notes:

On March 14, 2017, the Company issued $300 million of 6.5% senior unsecured notes, due March 14, 2024 (the "2024 Notes"). The 2024 Notes are guaranteed, jointly and severally, on an unsecured basis, by each of the Company's current and future restricted subsidiaries. Interest on the 2024 Notes accrues at the rate of 6.5% per year and is payable semi-annually.

Prior to March 14, 2020, the Company may redeem, on any one or more occasions, up to 35% of the aggregate principal amount of the 2024 Notes, with the cash proceeds from certain equity issues, at a redemption price of 106.5%, plus accrued and unpaid interest. In addition, at any time prior to March 14, 2020, the Company may redeem, on any one or more occasions, all or part of the 2024 Notes at a price equal to par, plus a "make-whole" premium and any accrued and unpaid interest. At any time on or after March 14, 2020, the Company may redeem, on any one or more occasions, all or part of the 2024 Notes at the redemption prices set forth below, plus any accrued and unpaid interest:

Year[1]	Percentage
2020	103.250%
2021	102.145%
2022	101.040%
2023 and thereafter	100.000%

(1) For the 12 month period beginning on March 14 of each year.

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 not less than 101% of the principal amount, plus any accrued and unpaid interest.

In connection with the issuance of the 2024 Notes, on March 23, 2017 the Company redeemed all of the previously issued and outstanding $150 million of 8.375% senior unsecured notes, due October 21, 2020 (the "2020 Notes") at a redemption price of $1,041.88 per $1,000 of principal amount, plus accrued and unpaid interest. A redemption premium of $6.3 million and unamortized deferred financing costs of $2.5 million were recorded in financing expense as a result of the 2020 Notes redemption (Financing – note 15).

At December 31, 2018, the carrying value of the 2024 Notes was net of deferred financing costs of $5.1 million (December 31, 2017 – $6.1 million).

11. Decommissioning obligations:

	As at December 31, 2018	As at December 31, 2017
Decommissioning obligations, beginning of year	**$ 88,368**	$ 85,859
Obligations incurred	**1,523**	4,557
Obligations settled	**(1,194)**	(513)
Obligations divested	**(414)**	(1,765)
Change in estimated future cash outflows	**(793)**	(1,704)
Accretion of decommissioning obligations	**1,958**	1,934
Decommissioning obligations, end of year	**$ 89,448**	$ 88,368

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 $89.4 million as at December 31, 2018 (December 31, 2017 - $88.4 million) based on an inflation adjusted undiscounted total future liability of $117.8 million (December 31, 2017 - $118.9 million). These payments are expected to be made over the next 40 years with the majority of costs to be incurred between 2020 and 2035. The inflation rate applied to the liability is 2% (December 31, 2017 – 2%). The discount factor, being the risk-free rate related to the liability, is 2.13% (December 31,

2017 – 2.22%). The $0.8 million (December 31, 2017 - $1.7 million) change in estimated future cash outflows is a result of a change in the discount factor and estimated future obligations.

12. Share capital:

At December 31, 2018, the Company was authorized to issue an unlimited number of common shares with the holders of common shares entitled to one vote per share.

From May 25, 2017 to May 24, 2018, the Company executed under a normal course issuer bid (the "NCIB") the purchase of 924,100 common shares for cancellation for a total cost of $3.3 million that were removed from share capital in the year ended December 31, 2017. The Company did not purchase any common shares for cancellation under the NCIB in 2018 prior to the expiry of the NCIB.

Restricted and Performance Award Incentive Plan:

The Company has 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 year ended December 31, 2018, the fair value of awards granted was calculated using an estimated forfeiture rate of 9% (December 31, 2017 – 8%). The weighted average fair value of awards granted for the year ended December 31, 2018 was $2.34 (December 31, 2017 - $5.11). 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. Since the inception of the RPAP, the Company has settled all awards through the issuance of common shares from treasury. For RAs and PAs granted subsequent to May 21, 2018, the Company currently intends to settle the award value with common shares purchased in the open market as the Company no longer has the ability, in the absence of further shareholder approval being obtained, to settle the award values associated with such awards with common shares issued from treasury. Through the vesting of 729,000 RAs and 989,000 PAs, when taking into account the earned multipliers for PAs, 2,402,000 common shares of the Company were issued for the year ended December 31, 2018.

The number of RAs and PAs outstanding are as follows:

	Number of RAs	Number of PAs
Balance January 1, 2017	1,699	2,537
Granted	902	1,309
Vested	(808)	(1,316)
Forfeited	(177)	(309)
Balance December 31, 2017	1,616	2,221
Granted	2,628	3,427
Vested	(729)	(989)
Forfeited	(78)	(164)
Balance December 31, 2018	**3,437**	**4,495**

Per share amounts:

Per share amounts have been calculated on the weighted average number of shares outstanding. The weighted average shares outstanding for the year ended December 31, 2018 was 151,095,000 (December 31, 2017 – 148,603,000).

In computing diluted earnings per share for the year ended December 31, 2018, 725,000 (December 31, 2017 – 2,467,000) shares were added to the basic weighted average common shares outstanding to account for the dilution of RAs and PAs that will be settled with common shares issued from treasury. There were 8,773,000 (December 31, 2017 – 2,316,000) RAs and PAs that were not included in the diluted earnings per share calculation because they were anti-dilutive.

The volume weighted average trading price of the Company's common shares was $1.95 during the year ended December 31, 2018 (December 31, 2017 - $4.63).

13. Income taxes:

(a) Deferred income tax expense:

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

	Year ended December 31, 2018	Year ended December 31, 2017
Income before income taxes	**$ 23,170**	$ 50,600
Combined federal and provincial income tax rate	**27.0%**	26.6%
Computed "expected" income tax expense	**$ 6,256**	$ 13,460
Increase (decrease) in income taxes resulting from:		
Change in income tax rates	**-**	832
Flow-through share renunciation	**-**	3,989
Non-deductible expenses and other	**63**	2,316
Change in share-based compensation estimate	**4,052**	(2,983)
	$ 10,371	$ 17,614
Premium on flow-through shares	**-**	(1,419)
Deferred income tax expense	**$ 10,371**	$ 16,195

(b) Deferred income tax liability:

The components of the Company's deferred income tax liability are as follows:

	December 31, 2018	December 31, 2017
Deferred tax liabilities:		
Property, plant and equipment	**$ 158,926**	$ 132,749
Derivative financial instruments	**2,263**	94
Other	**6,362**	2,852
Deferred tax assets:		
Decommissioning obligations	**$ (24,151)**	$ (23,859)
Non-capital losses	**(90,602)**	(69,409)
Deferred income tax liability	**$ 52,798**	$ 42,427

The following tables provide a continuity of the deferred income tax liability:

	January 1, 2018	Recognized in equity	Recognized in other	Recognized in profit or loss	December 31, 2018
Property, plant and equipment	$ 132,749	$ -	$ -	$ 26,177	$ 158,926
Decommissioning obligations	(23,859)	-	-	(292)	(24,151)
Derivative financial instruments	94	-	-	2,169	2,263
Non-capital losses	(69,409)	-	-	(21,193)	(90,602)
Other	2,852	-	-	3,510	6,362
	$ 42,427	**$ -**	**$ -**	**$ 10,371**	**$ 52,798**

	January 1, 2017	Recognized in equity	Recognized in other	Recognized in profit or loss	December 31, 2017
Property, plant and equipment	$ 112,573	$ -	$ 1,419	$ 18,757	$ 132,749
Decommissioning obligations	(22,907)	-	-	(952)	(23,859)
Derivative financial instruments	(5,173)	-	-	5,267	94
Non-capital losses	(58,324)	-	-	(11,085)	(69,409)
Other	(445)	(911)	-	4,208	2,852
	$ 25,724	**$ (911)**	**$ 1,419**	**$ 16,195**	**$ 42,427**

The Company's assets have an approximate tax basis of $1,081.9 million at December 31, 2018 (December 31, 2017 - $1,080.0 million) available for deduction against future taxable income. The following table summarizes the tax pools:

	December 31, 2018	December 31, 2017
Cumulative Canadian Exploration Expense	**$ 291,400**	$ 290,400
Cumulative Canadian Development Expense	**238,800**	276,000
Undepreciated Capital Costs	**202,800**	234,800
Non-capital losses	**335,600**	257,100
Share issue costs	**5,300**	7,800
Other	**8,000**	13,900
Estimated tax basis	**$ 1,081,900**	$ 1,080,000

Non-capital losses will begin expiring in 2028. The estimated income tax pools for 2018 have been reduced by the estimated deferred partnership income for 2018.

14. Revenue:

Petroleum and natural gas sales:

Crew sells its production pursuant to fixed or variable-price contracts. The transaction price for variable priced contracts is based on the commodity price, adjusted for quality, location or other factors, whereby each component of the pricing formula can be either fixed or variable, depending on the contract terms. Under the contracts, the Company is required to deliver a fixed or variable volume of crude oil, condensate, natural gas or natural gas liquids to the customer. Revenue is recognized when a unit of production is delivered to the customer. The amount of revenue recognized is based on the agreed transaction price, whereby any variability in revenue relates specifically to the Company's efforts to transfer production, and therefore the resulting revenue is allocated to the production delivered in the period during which the variability occurs. As a result, none of the variable revenue is considered constrained.

Crude oil, condensate and natural gas liquids are sold under contracts of varying terms of up to one year. The majority of the Company's natural gas is sold on multi-year contracts. Revenues are typically collected on the 25th day of the month following production.

The following table summarizes the Company's petroleum and natural gas sales, all of which are from revenue with contracts with customers:

	Year ended December 31, 2018	Year ended December 31, 2017
Light crude oil	**$ 6,582**	$ 10,541
Heavy crude oil	**25,548**	30,254
Condensate	**62,731**	46,360
Other natural gas liquids	**14,900**	14,059
Natural gas	**108,624**	112,940
	$ 218,385	$ 214,154

The adoption of IFRS 15 resulted in the Company evaluating its arrangement with third parties and partners to determine if the Company is the principal or agent. Based on the focus of control of the specified good or service, the Company identified arrangements for processing services where the Company is considered the principal and not a result of collaborative arrangements with partners in jointly owned assets. As a result of this change, the Company has reclassified $4.0 million for the year months ended December 31, 2017 from operating expenses to processing revenue included in other revenue.

Other revenue:

The following table summarizes the Company's other revenue:

	Year ended December 31, 2018	Year ended December 31, 2017
Marketing revenue	**$ 6,855**	$ -
Processing revenue	**4,134**	3,981
Other	**1,000**	1,000
	$ 11,989	$ 4,981

15. Financing:

	Year ended December 31, 2018	Year ended December 31, 2017
Interest expense	**$ 22,235**	$ 20,961
Accretion of deferred financing costs	**1,023**	968
Accretion of decommissioning obligations	**1,958**	1,934
Premium paid on redemption of 2020 Notes (note 10)	**-**	6,282
Deferred financing costs expensed on 2020 Notes (note 10)	**-**	2,510
	$ 25,216	$ 32,655

16. Key personnel expenses:

The aggregate payroll expense of key personnel was as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
Short-term benefits	**$ 3,545**	$ 3,136
Long-term benefits	**6,836**	8,837
	$ 10,381	$ 11,973

Crew has determined that its key personnel include both officers and the Company's Board of Directors. Short-term benefits are comprised of salaries and directors fees, annual bonuses and other benefits. Long-term benefits include share-based compensation expense from share awards under Crew's long-term incentive plans. Short-term employee benefits and share-based compensation include the capitalized and non-capitalized portion of these expenditures recorded in the financial statements during the respective periods.

17. Supplemental cash flow information:

Changes in non-cash working capital is comprised of:

	Year ended December 31, 2018	Year ended December 31, 2017
Changes in non-cash working capital:		
Accounts receivable	**$ (29,592)**	$ (1,342)
Accounts payable and accrued liabilities	**(11,535)**	20,479
Other long-term assets	**3,447**	-
	$ (37,680)	$ 19,137
Operating activities	**$ (2,663)**	$ 8,706
Investing activities	**(35,017)**	10,431
	$ (37,680)	$ 19,137
Interest paid	**$ (22,167)**	$ (16,701)

18. Commitments:

	Total	2019	2020	2021	2022	2023	Thereafter
Operating leases	$ 2,742	$ 1,175	$ 1,175	$ 392	$ -	$ -	$ -
Firm transportation agreements	242,420	46,575	49,454	27,456	26,862	23,024	69,049
Firm processing agreement	112,192	17,634	16,337	12,354	12,354	12,354	41,159
Total	**$ 357,354**	**$65,384**	**$66,966**	**$40,202**	**$39,216**	**$35,378**	**$ 110,208**

Operating leases include the Company's commitment to a third party for the lease of office space.

Firm transportation agreements include commitments to third parties to transport natural gas and natural gas liquids from gas processing facilities in northeast British Columbia.

Firm processing agreements include commitments to process natural gas through the Greater Septimus complex gas processing facilities in northeast British Columbia.

19. Subsequent event:

Subsequent to December 31, 2018, the Company disposed of non-core land with no associated production or assigned reserves, for gross proceeds of $17.5 million.