second quarter ending June 30, 2016

Crew Energy Inc. (TSX: CR) ("Crew" or the "Company") is pleased to announce our operating and financial results for the three and six month periods ended June 30, 2016, and an update on the Company's continued progress developing our world-class Montney assets in northeast British Columbia ("NE BC"). Crew's Financial Statements and Notes, as well as Management's Discussion and Analysis ("MD&A") for the three and six month periods ended June 30, 2016 are available on our website and filed on SEDAR.

SECOND QUARTER HIGHLIGHTS

- Achieved production of 21,950 boe per day, 24% higher than the same period in 2015, and 8% lower than the previous quarter, reflecting reduced capital spending, lower activity levels and the continued shut-in of uneconomic production during the second quarter;

- Generated funds from operations of $16.0 million ($0.11 per diluted share), 37% higher than the first quarter of 2016, primarily attributable to materially lower cash costs and improved oil and liquids pricing;

- Lowered total cash costs per boe by 28% over the same period in 2015, highlighted by a 31% reduction in operating costs per boe, a 42% reduction in general & administrative expenses per boe, and a 62% reduction in royalties per boe year over year;

- Successfully lowered operating costs to $6.04 per boe, 6% lower than the previous quarter, with operating costs at Septimus and West Septimus ("Greater Septimus") falling 9% from first quarter 2016 to average $4.02 per boe;

- Completed our second quarter capital program investing $15.1 million in the quarter, with approximately 84% allocated to drilling, completions, equipping and tie-in, including approximately $7.6 million that was directed to completing wells at Greater Septimus;

- Continued to enhance drilling and completion techniques at Greater Septimus, achieving record low well costs between $3 and $3.5 million to drill, complete, equip and tie-in;

- Improved completion design in three wells at West Septimus which materially improved flow test rates that averaged 11 mmcf per day over a five to eighteen day flow test period at an average flowing casing pressure of 1,120 psi;

- Successfully completed a well at Septimus in a new Lower "B" Upper Montney Stratigraphic interval that achieved a production rate of 8.7 mmcf per day at an average flowing casing pressure of 1,730 psi at the end of a five day test period; and

- Maintained ongoing financial flexibility and a strong balance sheet with quarter-end net debt that was $3.1 million lower than the previous quarter at $242.7 million, including $150 million of senior notes (including deferred financing costs) and $97.2 million of bank debt or 41% drawn on the Company's $235 million credit facility.

FINANCIAL & OPERATING HIGHLIGHTS

FINANCIAL ($ thousands, except per share amounts)	**Three months ended June 30, 2016**	Three months ended June 30, 2015	**Six months ended June 30, 2016**	Six months ended June 30, 2015
Petroleum and natural gas sales	**36,232**	44,678	**72,575**	84,618
Funds from operations[1]	**16,048**	24,769	**27,762**	45,489
Per share - basic	**0.11**	0.18	**0.20**	0.34
- diluted	**0.11**	0.18	**0.19**	0.34
Net loss	**(16,815)**	(13,239)	**(23,610)**	(29,009)
Per share - basic	**(0.12)**	(0.09)	**(0.17)**	(0.22)
- diluted	**(0.12)**	(0.09)	**(0.17)**	(0.22)
Exploration and Development expenditures	**15,096**	54,694	**32,859**	145,786
Property acquisitions (net of dispositions)	**16**	1,226	**972**	1,484
Net capital expenditures	**15,112**	55,920	**33,831**	147,270

Capital Structure ($ thousands)	**As at June 30, 2016**	As at Dec. 31, 2015
Working capital (surplus)/deficiency[2]	**(1,479)**	10,737
Bank loan	**97,186**	80,980
	95,707	91,717
Senior Unsecured Notes	**147,029**	146,679
Total Net Debt	**242,736**	238,396
Current Debt Capacity[3]	**385,000**	400,000
Common Shares Outstanding (thousands)	**142,714**	141,067

Notes:

(1) Funds from operations is calculated as cash provided by operating activities, adding the change in non-cash working capital, decommissioning obligation expenditures and accretion of deferred financing costs. 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 cash and cash equivalents plus accounts receivable less accounts payable and accrued liabilities.

(3) Current Debt Capacity reflects the bank facility of $235 million plus $150 million in senior unsecured notes outstanding.

Operations	**Three months ended June 30, 2016**	Three months ended June 30, 2015	**Six months ended June 30, 2016**	Six months ended June 30, 2015
Daily production				
Light crude oil (bbl/d)	**285**	435	**294**	545
Heavy crude oil (bbl/d)	**2,362**	4,035	**2,580**	4,383
Natural gas liquids (bbl/d)	**3,015**	2,342	**3,187**	2,202
Natural gas (mcf/d)	**97,726**	65,062	**100,975**	67,268
Total (boe/d @ 6:1)	**21,950**	17,656	**22,890**	18,341
Average prices [1]				
Light crude oil ($/bbl)	**48.33**	63.64	**42.67**	55.04
Heavy crude oil ($/bbl)	**37.47**	52.60	**28.24**	44.02
Natural gas liquids ($/bbl)	**35.12**	36.21	**30.29**	32.00
Natural gas ($/mcf)	**1.94**	2.56	**2.15**	2.59
Oil equivalent ($/boe)	**18.14**	27.81	**17.42**	25.49

Notes:

(1) Average prices do not include gains and losses on financial instruments.

	Three months ended June 30, 2016	Three months ended June 30, 2015	**Six months ended June 30, 2016**	Six months ended June 30, 2015
Netback ($/boe)				
Revenue	**18.14**	27.81	**17.42**	25.49
Royalties	**(1.02)**	(2.65)	**(0.95)**	(2.31)
Realized commodity hedging gain	**2.83**	5.60	**2.51**	6.12
Operating costs	**(6.04)**	(8.81)	**(6.25)**	(9.05)
Transportation costs	**(2.38)**	(1.78)	**(2.44)**	(1.87)
Operating netback [(1)]	**11.53**	20.17	**10.29**	18.38
G&A	**(1.28)**	(2.22)	**(1.53)**	(2.20)
Interest on long-term debt	**(2.22)**	(2.54)	**(2.10)**	(2.47)
Funds from operations	**8.03**	15.41	**6.66**	13.71
Drilling Activity				
Gross wells	**1**	6	**5**	12
Working interest wells	**1.0**	5.7	**5.0**	11.7
Success rate, net wells (%)	**100%**	100%	**100%**	100%

Notes:

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

OVERVIEW

Crew's second quarter 2016 was another successful period of advancing the execution of our Montney-focused strategy while managing through a volatile and uncertain commodity price environment. Our strategic priorities continue to be maintaining the strength of our balance sheet, retaining our high-quality land and resource value and progressing our steady and prudent growth trajectory. Our past actions and the recent steps we have taken contribute to Crew's healthy position in the current environment.

Our strong balance sheet is highlighted by unutilized credit capacity of approximately $138 million and affords Crew significant flexibility when making capital decisions. With continued reductions in drilling and service costs combined with Crew's operational efficiency enhancements, the costs to drill, complete and tie-in Montney wells have fallen below $3 million in certain circumstances. At Greater Septimus, type curves and drilling results have exceeded expectations and with lower capital costs, Crew's capital investments continue to generate attractive returns in the current environment.

Crew continued the transition to focus our operations in the NE BC Montney with the commencement of a formal process to monetize the value of our heavy oil assets in Alberta and Saskatchewan. A successful sale would effectively position Crew as a 'pure play' Montney producer with only 1,700 boe per day of non-Montney production in the portfolio.

FINANCIAL

Our conservative approach to managing Crew's balance sheet and maintaining funding flexibility has resulted in the Company's credit facility remaining stable with only 41% drawn at quarter end, representing approximately $138 million of available liquidity. At June 30, 2016, total net debt was $242.7 million, including a small working capital surplus and $150 million ($147.0 million net of deferred financing costs) of senior unsecured notes that are not due for repayment until the fourth quarter of 2020. Crew does not face any near-term debt maturities and has the financial flexibility to manage through sustained commodity price uncertainty.

During the second quarter, crude oil and natural gas liquids prices strengthened compared to the first quarter, as the global over-supply of liquids production began to narrow due to a lack of capital reinvestment. Natural gas prices remained weak throughout most of the quarter, impacted by high North American inventory levels related to the lack of cold weather this past winter. Natural gas prices began a recovery in the latter part of June as above normal North American summer temperatures have increased natural gas generated power demand, reducing market concerns of inventory congestion this summer. With improving longer-dated natural gas futures prices, Crew elected to continue to add 2017 natural gas hedges during the period.

Crew's access to the Alliance pipeline, our portfolio approach to natural gas marketing, improved liquids pricing and our significantly lower costs bolstered our funds from operations in the second quarter to $16.0 million ($0.11 per diluted share), an increase of 37% relative to the previous quarter. As a result of our marketing diversification strategy, Crew was able to effectively optimize our sales portfolio during the second quarter. Crew's realized natural gas price was $1.94 per mcf, representing a 39%

premium over AECO daily benchmark pricing in the period. Our staff continued to pursue cost savings in all areas of our business resulting in a 5% quarter over quarter reduction and a 28% year over year reduction in cash costs per boe. This was highlighted by a 31% reduction in second quarter 2016 operating costs to $6.04 per boe and a 42% reduction in general and administrative costs to $1.28 per boe in comparison to the same period in 2015.

Crew's modest second quarter capital program was heavily focused on June completions that were geared towards ramping up production through the second half of 2016 as natural gas prices improve. This resulted in net capital spending of approximately $15.1 million, almost all of which was exploration and development expenditures ($14.4 million). Approximately 50% was directed to seven well completions at Greater Septimus and 34% was directed to drilling, equipping and tying-in wells. The balance was directed to workovers, land and other minor expenses. Second quarter 2016 capital expenditures were 16% lower than our quarterly budget, largely due to capital cost savings.

TRANSPORTATION & MARKETING

Consistent with Crew's ongoing market and operational diversification strategy, the Company was active in managing and optimizing our portfolio through the quarter, continuing to systematically layer in oil hedges for the balance of 2016 and additional gas hedges for 2017 to underpin funds from operations. We were able to capitalize on changing market conditions in the quarter, particularly the strengthening in ATP (Alliance Trading Pool) prices over AECO daily, and make portfolio adjustments to capture higher prices. As a result of Crew's firm Alliance transportation service, the Company has been able to diversify our gas marketing arrangements to improve realized gas pricing. During the second quarter the Company was notified that the Alliance pipeline will be shut-in for one week in October 2016, which will require the Company to shut-in all Montney volumes, reducing corporate production by approximately 1,600 boe per day in the fourth quarter. Optionality in our marketing and sales points affords Crew significant flexibility to respond to changing market conditions and positions the Company for our next phase of growth.

Crew's ongoing and systematic risk management program has resulted in the Company having hedge positions in place for the next eighteen months to mitigate price volatility. For the balance of 2016, we have currently hedged 52,305 gj per day of natural gas at a transportation adjusted equivalent price of $2.73 per gj ($2.88 per mcf), 1,125 bbls per day of liquids volumes hedged at an average price of CDN$65.37 per bbl and 250 bbls per day of WCS differentials locked in at US$13.75 per bbl. For 2017, Crew's total natural gas hedged position is 28,464 gj per day at a transportation adjusted equivalent price of $2.81 per gj ($2.96 per mcf). For liquids, we have 250 bbls per day of liquids volumes hedged at an average price of CDN$67.75 per bbl.

NE BC MONTNEY – GREATER SEPTIMUS OVERVIEW

Operations

Crew's second quarter 2016 average production at Greater Septimus totaled 17,131 boe per day representing approximately 78% of the Company's total production volumes. Volumes were 61% higher than the same period in 2015 and 6% lower compared to the previous quarter due to lower activity levels. The value of our Greater Septimus volumes is enhanced by continued increases in condensate production stemming from strong area well performance. Operating costs per boe at Greater Septimus declined 9% from the previous quarter to $4.02 as a result of continued cost reduction initiatives and are expected to further improve as volumes increase through the West Septimus facility. Project economics at Greater Septimus remain compelling and are supported by improving well results, continued cost reductions and enhanced pricing through our diversified market portfolio.

Montney Liquids-Rich Natural Gas

Production & Drilling	**Second Quarter 2016**	First Quarter 2016	Fourth Quarter 2015
Average Daily Production (boe/d)	**17,131**	18,149	14,321
Wells drilled (gross / net)	**-**	4 / 4.0	5 / 5.0
Wells completed	**7**	3	6

Operating Netback ($ per boe)	**Second Quarter 2016**	First Quarter 2016	Fourth Quarter 2015
Revenue	**16.06**	16.69	16.55
Royalties	**(0.69)**	(0.79)	(0.72)
Operating costs	**(4.02)**	(4.43)	(5.75)
Transportation costs	**(1.97)**	(2.21)	(1.65)
Operating netback	**9.38**	9.26	8.43

Operationally, Crew's field activities moderated in the second quarter with activity primarily directed to completing seven (6.3 net) wells at Greater Septimus including the first three wells of an eight well pad at West Septimus. Those three wells were production tested over a five to 18 day period and achieved a per well average raw gas rate of 11 mmcf per day, at an average flowing casing pressure of 1,120 psi. These recent wells were completed with a proppant loading of one tonne per meter, a 100% increase over the previous completion design at West Septimus. Crew's move to utilize higher sand loading continues to demonstrate very positive initial production results. At Septimus, Crew completed two wells, including one well drilled in a recently discovered stratigraphic interval within the Upper Montney, the Lower "B" interval. This well achieved a raw gas rate of 8.7 mmcf per day at the end of a five day production test at an average flowing casing pressure of 1,730 psi, placing it as a top-decile well among initial test wells in Crew's Septimus field. The results from this Lower "B" well demonstrate that there are four distinct stratigraphic intervals within the Upper Montney that could potentially be developed at Greater Septimus.

Capital costs continued to decline during the first half of 2016 with improvements attributable to both Company efficiencies and overall cost structure. On two new wells at West Septimus Crew achieved record low costs which featured all-in well costs of approximately $3.0 million, primarily due to a reduction in drilling time. We continue to work on optimizing Crew's drilling and completion programs, with current data suggesting that a repeatable well cost in the $3.0 to $3.5 million range is achievable depending on length and frac intensity.

Through the end of the second quarter, Crew commenced the drilling of a three well pad located in the super liquids-rich area of West Septimus, with completion of these three wells planned for late August. Once completed, Crew will have eleven new wells on stream at West Septimus, positioning the Company for increased volumes into the fourth quarter and 2016 exit as we expect to utilize the full capacity of our 60 mmcf per day West Septimus facility.

Also during the quarter, Crew continued to prepare for the expansion of our West Septimus facility to reach 120 mmcf per day of processing capacity in 2017. Piping and instrument diagrams are 75% complete and will be ready shortly for design review. With a successful drilling program to date in the area and an evaluation of higher liquids production from Crew's current three well pad, work is under way to ensure the West Septimus facility expansion is engineered to effectively handle the higher liquids rate production that will support the Company's future growth. Crew anticipates the cost of the expansion to range between $15 and $20 million (net), subject to our facility partners' election to exercise their option to participate in the expansion.

NE BC MONTNEY – TOWER OVERVIEW

Crew's Montney Tower area continues to represent significant future development opportunities for the Company as crude oil prices strengthen. Crew has an inventory of four drilled and uncompleted wells at Tower which can be completed when prices and the operating regime are more conducive to generating competitive returns, which would also substantially increase our light oil production. The Company continues to monitor area activity with the view to implementing improvements in completion techniques which have resulted in increased initial production rates and ultimate recoveries from area wells.

LLOYDMINSTER, AB/SK OVERVIEW

One well was drilled at Lloydminster in the quarter in order to address a pending land expiry. Production from the area averaged 2,417 boe per day in the second quarter of 2016, reflecting approximately 700 boe per day of production that was offline through the majority of the quarter due to low commodity prices. With the rebound in oil prices during the second quarter, Crew's heavy oil assets realized a $15.77 per boe pre-hedge operating netback, over a 700% increase compared to the first quarter of 2016, highlighting how a modest improvement in commodity prices combined with low operating costs of $16.44 per boe can generate significant cash flow from this asset.

OUTLOOK

Crew's commitment to returns-based investments has prevailed through the past two years of commodity price challenges, with the majority of our activities being directed to our high-value, liquids-rich Greater Septimus area. As natural gas prices have strengthened into the third quarter, Crew has ramped up activity to increase production and position the Company to meet our forecast 2016 average production range of 23,000 to 25,000 boe per day, after consideration for the recently confirmed fourth quarter Alliance pipeline shut-in, while aiming to balance capital expenditures with a strong financial position.

Crew's operational and market optionality and ongoing focus on preserving balance sheet strength will continue to enable the Company to make decisions that are in the long-term interests of our shareholders. We will continue to employ a portfolio approach to marketing and hedging which we believe contributes to more stable netbacks and returns. For 2017, we have approximately 24% of our estimated natural gas price exposure hedged, and will continue to systematically add to our hedge book. Our staff has successfully found ways to improve the efficiencies of our business and reduce costs over the past two years. Many of these efficiencies are expected to remain as commodity prices improve, enhancing the long-term profitability of our business.

Crew is the fourth largest Montney mineral rights holder in NE BC, with over 300,000 net acres, holding substantial future development potential to significantly increase production, reserves, asset value and funds from operations. At Greater Septimus, we have identified more than 600 drilling locations in the Upper Montney that will support an enhanced growth plan with the potential to triple the size of our Company. This growth opportunity does not reflect any Lower Montney development nor include development in areas other than Greater Septimus.

To support our medium to long-term growth, Crew is actively securing access to processing infrastructure and transportation capacity. Our West Septimus facility has incremental processing capacity to manage near term growth and the planned expansion of that facility in 2017 is important for Crew's medium-term Montney development, expected to reach over 35,000 boe per day of owned and operated capacity. Longer term, the Company plans to construct an additional 60 to 120 mmcf per day processing facility at Groundbirch which would support Crew's growth strategy targeting production of greater than 60,000 boe per day by 2019.

Crew's near-term priorities remain on preserving balance sheet strength while investing capital prudently to increase production while positioning the Company to ramp up activity levels at the most opportune time. Crew will continue to actively manage marketing and transportation arrangements, making adjustments to optimize sales points in order to achieve optimal pricing for our products. We have successfully driven field and corporate costs lower and continue to identify innovative ways to improve efficiencies. In the interests of ensuring responsible land and water usage, we continue to collaborate with other area operators to minimize and optimize the use of water, and engage in other initiatives to improve our environmental footprint while maximizing returns for our shareholders.

Crew is pleased with our ongoing performance to date and we look forward to expanding the Company's focus in the world-class Montney play in NE BC. We sincerely thank all of our employees and directors for their unwavering commitment and perseverance, and all of our shareholders for their support of our business.

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 estimated volumes and product mix of Crew's oil and gas production; 2016 forecast average production; estimates of 2016 year end net debt; 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; estimates of future well costs at Septimus; estimates of internal rates of return, anticipated reductions in operating costs and G&A expenditures and potential to improve ultimate recoveries, and outperform the assumptions used in our 2015 independent reserve evaluations; 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; estimated drilling locations at Greater Septimus and potential impact thereof; the number of wells to be drilled, completed and tied-in and the timing thereof; the amount and timing of capital projects including the potential expansion of our West Septimus facility and the estimated cost thereof; the total future capital associated with development of reserves and resources; the potential sale of our heavy oil assets in Saskatchewan and Alberta; long-term growth strategy and targeted production by 2019; 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 and the adequacy of cash flow to fund its planned expenditures; 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 and development of the Greater Septimus area 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 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 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.

BOE equivalent

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

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 condensed interim consolidated financial statements of the Company for the three and six month periods ended June 30, 2016 and 2015. The unaudited condensed 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, 2015. All figures provided herein and in the June 30, 2016 unaudited condensed interim consolidated financial statements are reported in Canadian dollars. This MD&A is dated August 4, 2016.

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 completion and tie-in of wells, facility construction, commissioning 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 including 2016 average forecasts, expected commodity mix and prices, future operating costs, future transportation costs, expected royalty rates, expected general and administrative expenses, expected interest rates, debt levels, funds from operations and the timing of and impact of implementing accounting policies, estimates regarding undeveloped land position and estimated future drilling, recompletion or reactivation locations and anticipated impact of potential future transactions 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; changes in the Company's banking facility; field production rates and decline rates; the ability to reduce operating costs; the ability to replace and expand oil and natural gas reserves through acquisition, development or exploration; the timing and costs of pipeline, storage and facility construction and expansion; the ability of the Company to secure adequate product transportation; future petroleum and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Company operates; and Crew's ability to successfully market its petroleum and natural gas products. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the Company's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com) or at the Company's website (www.crewenergy.com). Furthermore, the forward looking statements contained in this document are made as at the date of this document and the Company does not undertake any obligation to update publicly or to revise any of the included forward looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Conversions

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

Throughout this MD&A, Crew has used the 6:1 boe measure which is the approximate energy equivalency of the two commodities at the burner tip. Boe does not represent a value equivalency at the wellhead nor at the plant gate which is where Crew sells its production volumes and therefore may be a misleading measure, particularly if used in isolation. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a 6:1 conversion may be misleading as an indication of value.

Non-IFRS Measures

Funds from Operations

One of the benchmarks Crew uses to evaluate its performance is funds from operations. Funds from operations is a measure not defined in IFRS but is commonly used in the oil and gas industry. It represents cash provided by operating activities before decommissioning obligations settled, changes in operating non-cash working capital and accretion of deferred financing costs. The Company considers it a key measure as it demonstrates the ability of the Company's continuing operations to generate the cash flow necessary to fund future growth through capital investment and to repay debt. Funds from operations should not be considered as an alternative to or more meaningful than cash provided by operating activities as determined in accordance with IFRS as an indicator of the Company's performance. Crew's determination of funds from operations may not be comparable to that reported by other companies. Crew also presents funds from operations per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of income per share. The following table reconciles Crew's cash provided by operating activities to funds from operations:

($ thousands)	**Three months ended June 30, 2016**	Three months ended June 30, 2015	**Six months ended June 30, 2016**	Six months ended June 30, 2015
Cash provided by operating activities	**12,047**	23,013	**31,638**	40,234
Decommissioning obligations settled	**(33)**	330	**386**	600
Change in operating non-cash working capital	**4,209**	1,595	**(3,912)**	4,993
Accretion of deferred financing costs	**(175)**	(169)	**(350)**	(338)
Funds from operations	**16,048**	24,769	**27,762**	45,489

Debt to EBITDA

The Company uses the terms debt to EBITDA and secured debt to EBITDA which are used in reference to the financial covenants prescribed by the Company's bank facility. Under the bank facility, debt includes drawings on the bank facility and the Company's senior unsecured notes while secured debt refers only to drawings on the bank facility. EBITDA is defined by the credit agreement as earnings before interest, taxes, depreciation and amortization, unrealized gains or losses on financial instruments, share-based compensation, all other non-cash items and EBITDA from disposed properties and acquisitions for the most recent twelve month period. Other non-cash items include impairment, gains or losses on divestitures and unrealized gains or losses on marketable securities for the most recent twelve month period.

Operating Netback

Management uses the industry benchmark 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 related derivative financial instruments 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 relative to current commodity prices. The calculation of Crew's netbacks can be seen below in the operating netbacks section.

Working Capital and Net Debt

The Company closely monitors its capital structure with a goal of maintaining a strong financial position in order to fund current operations and future growth. 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)	**June 30, 2016**	December 31, 2015
Current assets	**29,246**	34,417
Current liabilities	**(29,101)**	(38,217)
Marketable securities	**-**	(1,160)
Derivative financial instruments	**1,334**	(5,777)
Working capital surplus (deficit)	**1,479**	(10,737)

($ thousands)	**June 30, 2016**	December 31, 2015
Bank loan	**(97,186)**	(80,980)
Senior unsecured notes	**(147,029)**	(146,679)
Working capital surplus (deficit)	**1,479**	(10,737)
Net debt	**(242,736)**	(238,396)

RESULTS OF OPERATIONS

Production

	Three months ended June 30, 2016				Three months ended June 30, 2015			
	Oil (bbl/d)	**Ngl (bbl/d)**	**Nat. gas (mcf/d)**	**Total (boe/d)**	Oil (bbl/d)	Ngl (bbl/d)	Nat. gas (mcf/d)	Total (boe/d)
Northeast British Columbia	**285**	**3,015**	**97,399**	**19,533**	435	2,342	64,696	13,560
Lloydminster	**2,362**	**-**	**327**	**2,417**	4,035	-	366	4,096
Total	**2,647**	**3,015**	**97,726**	**21,950**	4,470	2,342	65,062	17,656

Production for the three months ended June 30, 2016 increased 24% over the same period in 2015 as a result of the successful drilling and development program in northeastern British Columbia at Septimus and West Septimus, where the Company has continued to increased its liquids rich natural gas production. The production increase was partially offset by a decrease in Lloydminster heavy oil production as the Company has curtailed heavy oil drilling and well reactivation activity in response to the low oil price environment. Additionally, the Company disposed of 225 boe per day of heavy oil production in the fourth quarter of 2015 and continued to have over 700 boe per day of uneconomic heavy oil volumes shut-in throughout the quarter.

	Six months ended June 30, 2016				Six months ended June 30, 2015			
	Oil (bbl/d)	**Ngl (bbl/d)**	**Nat. gas (mcf/d)**	**Total (boe/d)**	Oil (bbl/d)	Ngl (bbl/d)	Nat. gas (mcf/d)	Total (boe/d)
Northeast British Columbia	**294**	**3,187**	**100,685**	**20,262**	545	2,202	66,965	13,908
Lloydminster	**2,580**	**-**	**290**	**2,628**	4,383	-	303	4,433
Total	**2,874**	**3,187**	**100,975**	**22,890**	4,928	2,202	67,268	18,341

Production volumes increased 25% in the first six months of 2016 as compared to the same period in 2015 due to the strong performance of wells drilled at Septimus and West Septimus, where the Company has significantly increased its Montney liquids rich natural gas production. The production increase was partially offset by a decrease in Lloydminster heavy oil production as the Company has curtailed its capital spending and shut-in uneconomic production due to low commodity prices.

Revenue

	Three months ended June 30, 2016	Three months ended June 30, 2015	**Six months ended June 30, 2016**	Six months ended June 30, 2015
Revenue ($ thousands)				
Light crude oil	**1,254**	2,518	**2,282**	5,431
Heavy crude oil	**8,055**	19,313	**13,263**	34,925
Natural gas liquids	**9,637**	7,716	**17,571**	12,754
Natural gas	**17,286**	15,131	**39,459**	31,508
Total	**36,232**	44,678	**72,575**	84,618
Crew average prices				
Light crude oil ($/bbl)	**48.33**	63.64	**42.67**	55.04
Heavy crude oil ($/bbl)	**37.47**	52.60	**28.24**	44.02
Natural gas liquids ($/bbl)	**35.12**	36.21	**30.29**	32.00
Natural gas ($/mcf)	**1.94**	2.56	**2.15**	2.59
Oil equivalent ($/boe)	**18.14**	27.81	**17.42**	25.49
Benchmark pricing				
Light crude oil – Cdn$ WTI (Cdn $/bbl)	**58.76**	71.23	**52.32**	65.80
Heavy crude oil – WCS (Cdn $/bbl)	**41.61**	56.93	**34.11**	49.52
Natural gas liquids – Condensate @ Edmonton (Cdn $/bbl)	**56.89**	68.93	**52.08**	61.55
Natural Gas:				
AECO 5A daily index (Cdn $/mcf)	**1.40**	2.65	**1.62**	2.70
Chicago City Gate at ATP (Cdn $/mcf)	**1.98**	2.63	**2.02**	3.02
NGX AECO + APC – ATP 5A (Cdn $/mcf)(1)	**1.77**	1.56	**1.87**	1.76

(1) NGX AECO + APC - ATP 5A benchmark price commenced December 1, 2015, prior thereto, Alliance prices are reflected as AECO + CREC 4A.

In the second quarter of 2016, the Company's revenue decreased 19% as compared to the same period in 2015 as a result of the 35% decline in realized commodity pricing partially offset by increased production. Crew's realized light crude oil price decreased 24% as compared to the 18% decline in the Company's Cdn$ West Texas Intermediate ("WTI") benchmark as a result of wider Canadian crude oil differentials as compared to the same period last year. Crew's second quarter heavy oil price decreased 29% which was comparable to the 27% decline in the Company's Western Canadian Select ("WCS") benchmark. The Company's second quarter realized natural gas liquids ("ngl") price decreased 3% over the same period in 2015 as compared to the 18% decrease in the Condensate at Edmonton benchmark price. An increase in the ratio of condensate to other ngl's in the Company's ngl production mix due to increased condensate production from the West Septimus area, combined with an increase in the realized pricing for propane and butane has enhanced the Company's realized ngl price relative to the change in the Company's benchmark price. The Company's realized natural gas price declined 24% which was similar to the 25% decrease in the Chicago City Gate at ATP benchmark which represents the primary sales market for Company's natural gas. The NGX AECO + APC – ATP 5A benchmark increased 13% over the same period in 2015 which partially offset the decrease in the Company's AECO benchmark of 47% which reflect the other two sales markets for the sale of the Company's natural gas. The Company's natural gas price is further enhanced by the high heat content of its Montney natural gas which is approximately 19% hotter than the Alliance standard heat content.

The second quarter natural gas sales portfolio was based on the following reference prices:

- 40% - Chicago City Gate at ATP
- 30% - NGX AECO + APC – ATP 5A
- 22% - AECO
- 4% - Station 2
- 4% - Sumas, WA

The Company's first half 2016 revenue decreased 14% over the same period in 2015 as a result of the 32% decrease in realized pricing which was partially offset by the 25% increase in production. During this period, Crew's realized light oil price decreased 22% which was similar to the 20% decline in the Company's WTI benchmark price. The Company's heavy oil price decreased

36% which was slightly higher than the 31% decrease in the WCS benchmark as a result of the Company securing short term sales contracts when WCS differentials were wider than the average market trade for the period. For the first six months of 2016, Crew' realized ngl price decreased 5% as compared to the 15% decrease in the Condensate at Edmonton benchmark price as a result of the increased condensate production from the West Septimus area as compared to the same period in 2015. The Company's natural gas price declined 17% which outperformed the 40% decrease in the AECO benchmark and 33% decline in the Chicago City Gate at ATP benchmark. The NGX AECO + APC – ATP 5A benchmark increased 6% in the same period which partially offset the decline in the price from the other sales markets as the Company continues to respond to changing market conditions by utilizing its option to access different markets within its sales portfolio to realize optimal pricing.

Royalties

($ thousands, except per boe)	**Three months ended June 30, 2016**	Three months ended June 30, 2015	**Six months ended June 30, 2016**	Six months ended June 30, 2015
Royalties	**2,039**	4,250	**3,938**	7,684
Per boe	**1.02**	2.65	**0.95**	2.31
Percentage of revenue	**5.6%**	9.5%	**5.4%**	9.1%

In the second quarter and first half of 2016, royalties as a percentage of revenue decreased significantly over the same periods in 2015 as a result of lower commodity prices which yield lower price sensitive royalty rates. Additionally, increased production at Septimus and West Septimus attracts lower royalty rates due to deep gas royalty holidays from new production additions in British Columbia. The Company continues to expect its royalties as a percentage of revenue to average between 5% and 7% in 2016.

Derivative Financial Instruments

Commodities

The Company enters into derivative and physical risk management contracts in order to reduce volatility in financial results, to protect acquisition economics and to ensure a certain level of cash flow to fund planned capital projects. Crew's strategy focuses on the use of puts, costless collars, swaps and fixed price contracts to limit exposure to fluctuations in commodity prices, interest rates and foreign exchange rates while allowing for participation in commodity price increases. The Company's financial derivative trading activities are conducted pursuant to the Company's Risk Management Policy approved by the Board of Directors.

These contracts had the following impact on the condensed interim consolidated statements of loss and comprehensive loss:

($ thousands)	**Three months ended June 30, 2016**	Three months ended June 30, 2015	**Six months ended June 30, 2016**	Six months ended June 30, 2015
Realized gain on derivative financial instruments	**5,661**	8,995	**10,459**	20,322
Per boe - Total	**2.83**	5.60	**2.51**	6.12
Unrealized loss on financial instruments	**(15,501)**	(13,620)	**(8,297)**	(24,263)

As at June 30, 2016, the Company held derivative commodity contracts as follows:

Subject of Contract	Notional Quantity	Term	Reference	Strike Price	Option Traded	Fair Value ($000s)
Oil	250 bbl/day	July 1, 2016 - September 30, 2016	US$ WCS - WTI diff	($13.75)	Swap	(9)
Gas	2,500 gj/day	July 1, 2016 - October 31, 2016	AECO C Monthly Index	$2.14	Swap	(36)
Oil	500 bbl/day	July 1, 2016 - December 31, 2016	CDN$ WTI	$116.50	Call	-
Oil	750 bbl/day	July 1, 2016 - December 31, 2016	CDN$ WTI	$65.25	Swap	99
Oil	250 bbl/day	July 1, 2016 - December 31, 2016	USD$ WTI	$51.55	Swap	93
Gas	25,276 gj/day	July 1, 2016 - December 31, 2016	AECO C Monthly Index	$2.56	Swap	390
Gas	20,000 mmbtu/day	July 1, 2016 - December 31, 2016	Chicago Citygate	$3.79	Swap	(393)
Gas	7,500 gj/day	January 1, 2017 - December 31, 2017	AECO C Monthly Index	$2.59	Swap	(635)
Gas	5,000 gj/day	January 1, 2017 - December 31, 2017	AECO C Monthly Index	$2.90	Call Swaption(1)	(346)
Gas	17,500 mmbtu/day	January 1, 2017 - December 31, 2017	Chicago Citygate	$3.82	Swap	(1,991)
Oil	250 bbl/day	January 1, 2017 - December 31, 2017	CDN$ WTI	$67.75	Swap	8
Total						(2,820)

(1) The referenced contract is a European call swaption, which the counterparty will accept or decline by December 22, 2016.

Subsequent to June 30, 2016, the Company entered into the following derivative commodity contracts:

Subject of Contract	Notional Quantity	Term	Reference	Strike Price	Option Traded
Oil	250 bbl/day	October 1, 2016 – December 31, 2016	CDN$ WTI	$62.50	Swap
Gas	2,500 gj/day	January 1, 2017 - December 31, 2017	AECO C Monthly Index	$2.83	Swap

Operating Costs

($ thousands, except per boe)	**Three months ended June 30, 2016**	Three months ended June 30, 2015	**Six months ended June 30, 2016**	Six months ended June 30, 2015
Operating costs	**12,072**	14,148	**26,051**	30,045
Per boe	**6.04**	8.81	**6.25**	9.05

For the second quarter and first half of 2016, the Company's operating costs per boe decreased 31% as compared to the same periods in 2015 as a result of increased lower cost Septimus and West Septimus area production combined with the decrease in higher cost Lloydminster, Tower and BC North production. In addition, industry cost deflation triggered by the prolonged commodity price decline contributed to the reduced operating costs per boe. Due to continued improvement in operating costs in the first half of the year, the Company has reduced its 2016 operating cost forecast to between $5.75 and $6.25 per boe.

Transportation Costs

($ thousands, except per boe)	**Three months ended June 30, 2016**	Three months ended June 30, 2015	**Six months ended June 30, 2016**	Six months ended June 30, 2015
Transportation costs	**4,750**	2,852	**10,184**	6,210
Per boe	**2.38**	1.78	**2.44**	1.87

In the second quarter and first six months of 2016, the Company's transportation costs and transportation costs per boe increased as compared to the same periods in 2015 as the Company commenced its firm transportation arrangement on the Alliance pipeline in December of 2015, which increased natural gas transportation costs. This arrangement has allowed the Company to diversify its gas marketing arrangements generating stronger realized natural gas pricing and securing long-term transportation capacity. The increased transportation costs were partially offset by lower overall trucking costs due to decreased trucking rates and the installation of the lease automatic custody transfer unit ("LACT") in the third quarter of 2015 at the Septimus gas facility, which ties the facility into a condensate transportation pipeline, reducing the condensate trucking costs in the area. In addition, the Company brought into service the Pine River sales gas and condensate pipeline connecting the West Septimus and Septimus facilities in the second quarter eliminating the trucking of condensate from the West Septimus facility. Due to transportation cost savings in the first half, the Company has reduced its forecasted 2016 transportation cost to between $2.30 and $2.60 per boe.

Operating Netbacks

($/boe)	**Montney Liquids Rich Natural Gas**	**Heavy Oil**	**Other**	**Three months ended June 30, 2016**	Three months ended June 30, 2015
Revenue	**16.06**	**36.73**	**14.23**	**18.14**	27.81
Royalties	**(0.69)**	**(3.52)**	**(0.83)**	**(1.02)**	(2.65)
Realized commodity hedging gain/(loss)	**3.24**	**(0.35)**	**3.15**	**2.83**	5.60
Operating costs	**(4.02)**	**(16.44)**	**(10.04)**	**(6.04)**	(8.81)
Transportation costs	**(1.97)**	**(1.00)**	**(6.69)**	**(2.38)**	(1.78)
Operating netbacks	**12.62**	**15.42**	**(0.18)**	**11.53**	20.17
Production (boe/d)	**17,131**	**2,417**	**2,402**	**21,950**	17,656

($/boe)	**Montney Liquids Rich Natural Gas**	**Heavy Oil**	**Other**	**Six months ended June 30, 2016**	Six months ended June 30, 2015
Revenue	**16.38**	**27.86**	**13.92**	**17.42**	25.49
Royalties	**(0.74)**	**(2.33)**	**(0.93)**	**(0.95)**	(2.31)
Realized commodity hedging gain	**2.84**	**(0.25)**	**3.03**	**2.51**	6.12
Operating costs	**(4.23)**	**(16.24)**	**(9.86)**	**(6.25)**	(9.05)
Transportation costs	**(2.09)**	**(1.00)**	**(6.26)**	**(2.44)**	(1.87)
Operating netbacks	**12.16**	**8.04**	**(0.10)**	**10.29**	18.38
Production (boe/d)	**17,640**	**2,628**	**2,622**	**22,890**	18,341

Operating netbacks for the three and six months ended June 30, 2016 decreased over the same periods in 2015 as a result of the decline in the Company's realized commodity pricing and decreased realized hedging gains combined with an increase in transportation costs. This was partially offset by lower royalty and operating costs in the current period.

General and Administrative Costs

($ thousands, except per boe)	**Three months ended June 30, 2016**	Three months ended June 30, 2015	**Six months ended June 30, 2016**	Six months ended June 30, 2015
Gross costs	**4,099**	5,332	**9,529**	**11,133**
Operator's recoveries	**(92)**	(53)	**(101)**	**(211)**
Capitalized costs	**(1,461)**	(1,711)	**(3,065)**	**(3,616)**
General and administrative expenses	**2,546**	3,568	**6,363**	**7,306**
Per boe	**1.28**	2.22	**1.53**	**2.20**

Gross general and administrative ("G&A") costs and net G&A costs per boe have decreased for the second quarter and first half of 2016 compared to the same periods in 2015 due to reduced staffing levels and a reduction in the Company's compensation program prompted by the substantial decline in commodity prices. In addition, the start of a new office lease reduced office rent during the second quarter further lowering G&A costs. Crew continues to forecast G&A costs per boe to average between $1.40 and $1.60 in 2016.

Share-Based Compensation

($ thousands)	**Three months ended June 30, 2016**	Three months ended June 30, 2015	**Six months ended June 30, 2016**	Six months ended June 30, 2015
Gross costs	**3,607**	2,501	**8,792**	8,455
Capitalized costs	**(1,677)**	(1,163)	**(4,011)**	(4,122)
Total share-based compensation	**1,930**	1,338	**4,781**	4,333

Share-based compensation expense for the three and six months ended June 30, 2016 has increased compared to the same periods in 2015 due to additional compensation expense recorded due to an increase in the performance multiplier applied to the performance awards recognizing the Company's positive performance in 2015.

Depletion and Depreciation

($ thousands, except per boe)	**Three months ended June 30, 2016**	Three months ended June 30, 2015	**Six months ended June 30, 2016**	Six months ended June 30, 2015
Depletion and depreciation	**20,478**	23,493	**45,426**	49,498
Per boe	**10.25**	14.62	**10.90**	14.91

Depletion and depreciation costs and costs per boe decreased in the three and six month periods ended June 30, 2016, compared to the same periods in 2015, as a result of a lower net book value on the Lloydminster CGU from the impairment write-down taken in the third quarter of 2015 combined with increased 2015 year end proved plus probable reserve bookings at Septimus and West Septimus. In addition, increased production at Septimus and West Septimus, where depletion rates are lower than the corporate average, contributed to the 30% and 27% reduction in depletion and depreciation costs per boe for the three and six month periods, respectively, ended June 30, 2016.

Finance Expenses

($ thousands, except per boe)	**Three months ended June 30, 2016**	Three months ended June 30, 2015	**Six months ended June 30, 2016**	Six months ended June 30, 2015
Interest on bank loan	**1,131**	785	**2,156**	1,638
Interest on senior notes	**3,132**	3,132	**6,230**	6,230
Accretion of deferred financing charges	**175**	169	**350**	338
Accretion of the decommissioning obligation	**436**	473	**869**	944
Total finance expense	**4,874**	4,559	**9,605**	9,150
Average debt level	**249,128**	200,628	**239,013**	196,944
Average drawings on bank loan	**99,128**	50,628	**89,013**	46,944
Effective interest rate on bank loan	**4.6%**	6.2%	**4.9%**	7.0%
Effective interest rate on senior notes	**8.4%**	8.4%	**8.4%**	8.4%
Effective interest rate on long-term debt	**6.9%**	7.8%	**7.1%**	8.1%
Interest on long-term debt per boe	**2.22**	2.54	**2.10**	2.47

Average corporate debt levels increased in the three and six month periods ended June 30, 2016 as compared to the same periods in 2015, as capital expenditures over the past twelve months were partially funded by increased drawings on the bank loan. The effective interest rate on the Company's bank loan was lower in both the three and six months ended June 30, 2016 as compared to the same periods in 2015, due to reduced standby fees incurred as a result of increased drawings on the Company's bank facility in 2016. Crew forecasts the effective interest rate on its long-term debt to average between 6.5% and 7.5% for 2016.

Deferred Income Taxes

In the second quarter of 2016, the provision for deferred taxes was a recovery of $5.4 million compared to a recovery of $0.7 million for the same period in 2015. The increased recovery is a result of an increased pre-tax loss experienced during the second quarter of 2016. For the six months ended June 30, 2016, the provision was a recovery of $7.2 million compared to a recovery of $5.0 million for the same period in 2015 as a result of an increased pre-tax loss realized in the first half of 2016. Both the three and six month 2015 deferred tax recoveries were reduced by a provincial tax rate increase recognized in the second quarter of 2015.

Cash, Funds from Operations and Net Income

($ thousands, except per share amounts)		**Three months ended June 30, 2016**	Three months ended June 30, 2015	**Six months ended June 30, 2016**	Six months ended June 30, 2015
Cash provided by operating activities		**12,047**	23,013	**31,638**	40,234
Funds from operations		**16,048**	24,769	**27,762**	45,489
Per share	- basic	**0.11**	0.18	**0.20**	0.34
	- diluted	**0.11**	0.18	**0.19**	0.34
Net loss		**(16,815)**	(13,239)	**(23,610)**	(29,009)
Per share	- basic	**(0.12)**	(0.09)	**(0.17)**	(0.22)
	- diluted	**(0.12)**	(0.09)	**(0.17)**	(0.22)

The decrease in cash provided by operating activities and funds from operations was a result of lower commodity prices and a decline in realized hedging gains, partially offset by decreased cash costs and an increase in Septimus and West Septimus production during the second quarter and first half of 2016. For the second quarter of 2016, the increased net loss was a result of lower commodity pricing and a decreased 2015 deferred tax recovery due to the recognition of the provincial tax rate increase in 2015. The decreased net loss for the six months ended 2016 was a result of the reduced unrealized loss on derivative financial instruments in 2016 as compared to the same period in 2015.

Capital Expenditures, Property Acquisitions and Dispositions

In the second quarter of 2016, the Company drilled one (1.0 net) oil well in Lloydminster and completed seven (6.3 net) natural gas wells in Septimus and West Septimus. The Company continues to direct investment to drill and complete liquids rich natural

gas wells at Septimus and West Septimus and completed a major infrastructure project whereby the Septimus and West Septimus facilities were connected with a new natural gas sales pipeline spanning the Pine River in the first quarter of 2016.

Total net capital expenditures are detailed below:

($ thousands)	**Three months ended June 30, 2016**	Three months ended June 30, 2015	**Six months ended June 30, 2016**	Six months ended June 30, 2015
Land	**676**	527	**1,295**	1,338
Seismic	**222**	240	**399**	5,758
Drilling and completions	**10,587**	29,498	**24,376**	70,490
Facilities, equipment and pipelines	**2,072**	22,542	**3,537**	64,309
Other	**1,539**	1,887	**3,252**	3,891
Total exploration and development	**15,096**	54,694	**32,859**	145,786
Property acquisitions (dispositions)	**16**	1,226	**972**	1,484
Total	**15,112**	55,920	**33,831**	147,270

LIQUIDITY AND CAPITAL RESOURCES

Capital Funding

As at June 30, 2016, the Company's bank facility consists of a revolving line of credit of $205 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 6, 2017. 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. The credit agreement 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. Debt consists of the Company's bank debt and senior unsecured notes while secured debt consists of the Company's bank debt. At June 30, 2016, these ratios were 3.0:1 and 1.2:1, respectively. EBITDA is a non-GAAP measure and is defined in the credit agreement as earnings before interest, taxes, depreciation and amortization, unrealized gains or losses on financial instruments, share-based compensation, all other non-cash items and EBITDA from disposed properties and acquisitions for the most recent twelve month period. Other non-cash items include impairment, gains or losses on divestitures and unrealized gains or losses on marketable securities for the most recent twelve month period. 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 October 31, 2016. The Facility is secured by a floating charge debenture and a general securities agreement on the assets of the Company.

The Company has $150 million of 8.375% senior notes outstanding that are 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.

During the first quarter of 2015, the Company issued 16.7 million shares for gross proceeds of approximately $100 million through an equity offering as discussed below in Share Capital.

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

Working Capital

The capital intensive nature of Crew's activities generally results in the Company carrying a working capital deficit; however, in the second quarter of 2016, the Company carried a small working capital surplus. Working capital includes cash and cash equivalents and accounts receivable less accounts payable and accrued liabilities. Included in the working capital surplus is an accounts receivable of $10.0 million for a government incentive credit earned through the completion of the construction of the

Pine River pipeline. The collection of the grant is realized through the reduction of future royalties payable to the British Columbia government.

The Company maintains sufficient unused bank credit lines to satisfy working capital deficiencies. At June 30, 2016, the Company's working capital surplus totaled $1.5 million which, when combined with the drawings on its bank loan, represented 41% of its current bank facility.

Share Capital

On March 3, 2015, the Company issued 16,667,000 Common Shares of the Company, on a bought deal basis, at a price of $6.00 per share for aggregate gross proceeds of $100 million.

Crew is authorized to issue an unlimited number of common shares. As at August 4, 2016, there were 142,714,013 common shares and options to acquire 3,366,406 common shares of the Company issued and outstanding. In addition, there were 1,775,081 restricted awards and 2,663,868 performance awards outstanding under the Company's long-term incentive program.

Capital Structure

The Company considers its capital structure to include working capital, the bank loan, the 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 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 bank 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 the Company's bank loan, senior unsecured notes and net working capital, divided by annualized funds from operations for the most recent quarter.

The Company monitors this ratio and endeavours to maintain it at or below 2.0 to 1. During periods of increased capital expenditures, acquisitions or low commodity prices, this ratio will increase. As shown below, as at June 30, 2016, the Company's ratio of net debt to annualized funds from operations was 3.78 to 1 (December 31, 2015 – 3.04 to 1). As a result of the significant decline in commodity prices over the past 18 months, the Company increased its financial flexibility through the issuance of additional equity in early 2015, as discussed above in Share Capital, and the strategic divestiture of non-core assets for $50.1 million in the third quarter of 2015. The Company is closely monitoring its financial position and does not plan to add materially to its current debt position in 2016. Capital expenditures planned in 2016 will be substantially financed by funds from operations. With the Company's Bank Facility only 41% drawn and the forward market for oil and natural gas prices signaling an improvement over prices received in the first six months of 2016, the Company's financial position remains strong. If the Company feels it necessary to improve its financial position it will consider divesting of non-core properties, will adjust its annual capital expenditure program further or may consider other forms of financing.

($ thousands, except ratio)	**June 30, 2016**	December 31, 2015
Working capital surplus (deficit)	**1,479**	(10,737)
Bank loan	**(97,186)**	(80,980)
Senior unsecured notes	**(147,029)**	(146,679)
Net debt	**(242,736)**	(238,396)
Quarterly funds from operations	**16,048**	19,601
Annualized	**64,192**	78,404
Net debt to annualized funds from operations ratio	**3.78**	3.04

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	2016	2017	2018	2019	2020	Thereafter
Bank Loan (note 1)	97,186	-	-	97,186	-	-	-
Senior unsecured notes (note 2)	150,000	-	-	-	-	150,000	-
Operating leases	4,700	-	783	1,175	1,175	1,175	392
Firm transportation agreements	148,761	15,073	29,246	29,572	29,291	26,109	19,470
Firm processing agreements	58,015	6,717	13,325	13,325	13,325	11,323	-
Total	458,662	21,790	43,354	141,258	43,791	188,607	19,862

Note 1 – Based on the existing terms of the Company's bank facility the first possible repayment date may come in 2017. However, it is expected that the revolving bank facility will be extended and no repayment will be required in the near term.
Note 2 – Matures on October 21, 2020.

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

The firm transportation agreements include commitments to third parties to transport natural gas and natural gas liquids from gas processing facilities in northeastern British Columbia.

The firm processing agreements include commitments to process natural gas through the Septimus complex gas processing facilities in northeastern British Columbia.

GUIDANCE

As commodity prices have strengthened into the third quarter, Crew is well positioned to execute on the Company's plan to increase production and to meet its forecast 2016 average production range of 23,000 to 25,000 boe per day while balancing capital expenditures with funds from operations to maintain a strong financial position. The Company's priority will remain on preserving balance sheet strength while investing capital prudently in the liquids rich Septimus and West Septimus areas.

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)	June 30 2016	Mar. 31 2016	Dec. 31 2015	Sept 30 2015	June 30 2015	Mar. 31 2015	Dec. 31 2014	Sept. 30 2014
Total daily production (boe/d)	21,950	23,832	20,706	16,773	17,656	19,035	20,869	20,846
Exploration and development expenditures	15,096	17,763	42,067	58,565	54,694	91,092	81,447	106,405
Property acquisitions/(dispositions)	16	956	(36,644)	(50,281)	1,226	258	1,901	(141,796)
Average wellhead price ($/boe)	18.14	16.76	18.13	22.54	27.81	23.31	37.65	50.51
Petroleum and natural gas sales	36,232	36,343	34,532	34,784	44,678	39,940	72,295	96,879
Cash provided by operations	12,047	19,591	12,373	22,091	23,013	17,221	37,714	37,566
Funds from operations	16,048	11,714	19,601	17,273	24,769	20,720	33,035	39,023
Per share – basic	0.11	0.08	0.14	0.12	0.18	0.16	0.27	0.32
– diluted	0.11	0.08	0.14	0.12	0.18	0.16	0.27	0.31
Net income (loss)	(16,815)	(6,795)	(8,167)	(18,179)	(13,239)	(15,770)	(28,424)	(195,389)
Per share – basic	(0.12)	(0.05)	(0.06)	(0.13)	(0.09)	(0.12)	(0.23)	(1.60)
– diluted	(0.12)	(0.05)	(0.06)	(0.13)	(0.09)	(0.12)	(0.23)	(1.60)

Beginning in 2014, Crew embarked on a plan to refocus the Company towards its Montney assets in northeast British Columbia. The new focus began with dispositions of assets in the Deep Basin and Princess areas in 2014 for combined gross proceeds of approximately $384 million which resulted in the sale of a significant portion of the Company's existing production and the realization of losses on the sale of these properties. The majority of the proceeds from these sales have been used over the past two years to partially fund organic Montney production growth through the Company's exploration and development program.

During the past two years, the oil and gas industry has seen a significant decrease in commodity prices that has also negatively impacted revenue. The impact of this has reduced cash provided by operations, funds from operations and net income. The substantial and ongoing decline in commodity prices has also led to the assessment and realization of impairment of the carrying value of certain CGUs. In the third quarter of 2015, the Company incurred $55.4 million in impairment charges and in 2014 the Company also incurred $233.7 million of impairment charges. These losses have been partially offset by gains from the Company's risk management program over the periods.

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 April 1, 2016 and ended on June 30, 2016 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 August 4, 2016

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited) (thousands)		**June 30, 2016**		December 31, 2015
Assets				
Current Assets:				
Accounts receivable	**$**	**28,006**	$	26,697
Marketable securities (note 3)		**-**		1,160
Derivative financial instruments (note 9)		**1,240**		6,560
		29,246		34,417
Property, plant and equipment (note 4)		**1,201,846**		1,209,866
	$	**1,231,092**	$	1,244,283
Liabilities and Shareholders' Equity				
Current Liabilities:				
Accounts payable and accrued liabilities	**$**	**26,527**	$	37,434
Derivative financial instruments (note 9)		**2,574**		783
		29,101		38,217
Derivative financial instruments (note 9)		**1,486**		300
Bank loan (note 5)		**97,186**		80,980
Senior unsecured notes (note 6)		**147,029**		146,679
Decommissioning obligations (note 7)		**85,999**		85,822
Deferred tax liability		**39,413**		46,589
Shareholders' Equity				
Share capital (note 8)		**1,411,220**		1,398,698
Contributed surplus		**73,897**		77,627
Deficit		**(654,239)**		(630,629)
		830,878		845,696
Subsequent events (note 9)				
Commitments (note 10)				
	$	**1,231,092**	$	1,244,283

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 June 30, 2016**	Three months ended June 30, 2015	**Six months ended June 30, 2016**	Six months ended June 30, 2015
Revenue				
Petroleum and natural gas sales	**$ 36,232**	$ 44,678	**$ 72,575**	$ 84,618
Royalties	**(2,039)**	(4,250)	**(3,938)**	(7,684)
Realized gain on derivative financial instruments (note 9)	**5,661**	8,995	**10,459**	20,322
Unrealized loss on derivative financial instruments (note 9)	**(15,501)**	(13,620)	**(8,297)**	(24,263)
	24,353	35,803	**70,799**	72,993
Expenses				
Operating	**12,072**	14,148	**26,051**	30,045
Transportation	**4,750**	2,852	**10,184**	6,210
General and administrative	**2,546**	3,568	**6,363**	7,306
Share-based compensation	**1,930**	1,338	**4,781**	4,333
Depletion and depreciation	**20,478**	23,493	**45,426**	49,498
	41,776	45,399	**92,805**	97,392
Loss from operations	**(17,423)**	(9,596)	**(22,006)**	(24,399)
Financing	**4,874**	4,559	**9,605**	9,150
(Gain) loss on marketable securities (note 3)	**(77)**	(226)	**(955)**	425
Loss on divestiture of property, plant and equipment	**-**	-	**130**	-
Loss before income taxes	**(22,220)**	(13,929)	**(30,786)**	(33,974)
Deferred tax recovery	**5,405**	690	**7,176**	4,965
Net loss and comprehensive loss	**$ (16,815)**	$ (13,239)	**$ (23,610)**	$ (29,009)
Net loss per share (note 8)				
Basic	**$ (0.12)**	$ (0.09)	**$ (0.17)**	$ (0.22)
Diluted	**$ (0.12)**	$ (0.09)	**$ (0.17)**	$ (0.22)

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, 2016	141,067	$ 1,398,698	$ 77,627	$ (630,629)	$ 845,696
Net loss for the period	-	-	-	(23,610)	(23,610)
Share-based compensation expensed	-	-	4,781	-	4,781
Share-based compensation capitalized	-	-	4,011	-	4,011
Issued on vesting of share awards	1,647	12,522	(12,522)	-	-
Balance June 30, 2016	**142,714**	**$ 1,411,220**	**$ 73,897**	**$ (654,239)**	**$ 830,878**

(unaudited) (thousands)	Number of shares	Share capital	Contributed surplus	Deficit	Total Shareholders' equity
Balance January 1, 2015	123,429	$ 1,292,693	$ 72,951	$ (575,274)	$ 790,370
Net loss for the period	-	-	-	(29,009)	(29,009)
Share-based compensation expensed	-	-	4,333	-	4,333
Share-based compensation capitalized	-	-	4,122	-	4,122
Transfer of share-based compensation on exercise of options	-	74	(74)	-	-
Issued on exercise of options	28	157	-	-	157
Issued on vesting of share awards	905	9,500	(9,500)	-	-
Issuance of common shares	16,667	100,002	-	-	100,002
Share issue costs, net of tax of $1,414	-	(4,055)	-	-	(4,055)
Balance June 30, 2015	**141,029**	**$ 1,398,371**	**$ 71,832**	**$ (604,283)**	**$ 865,920**

See accompanying notes to the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) (thousands)	**Three months ended June 30, 2016**	Three months ended June 30, 2015	**Six months ended June 30, 2016**	Six months ended June 30, 2015
Cash provided by (used in):				
Operating activities:				
Net loss	**$ (16,815)**	$ (13,239)	**$ (23,610)**	$ (29,009)
Adjustments:				
Unrealized loss on derivative financial instruments	**15,501**	13,620	**8,297**	24,263
Share-based compensation	**1,930**	1,338	**4,781**	4,333
Depletion and depreciation	**20,478**	23,493	**45,426**	49,498
Financing expenses	**4,874**	4,559	**9,605**	9,150
Interest expense	**(4,263)**	(3,917)	**(8,386)**	(7,868)
(Gain) loss on marketable securities	**(77)**	(226)	**(955)**	425
Loss on divestiture of property, plant and equipment	**-**	-	**130**	-
Deferred tax recovery	**(5,405)**	(690)	**(7,176)**	(4,965)
Decommissioning obligations settled	**33**	(330)	**(386)**	(600)
Change in non-cash working capital	**(4,209)**	(1,595)	**3,912**	(4,993)
	12,047	23,013	**31,638**	40,234
Financing activities:				
Increase (decrease) in bank loan	**(922)**	39,290	**16,206**	23,967
Proceeds from exercise of options	**-**	157	**-**	157
Proceeds from issuance of common shares	**-**	-	**-**	100,002
Share issue costs	**-**	(48)	**-**	(5,469)
	(922)	39,399	**16,206**	118,657
Investing activities:				
Property, plant and equipment expenditures	**(15,096)**	(54,694)	**(32,859)**	(145,786)
Property acquisitions	**(16)**	(1,226)	**(1,066)**	(1,484)
Property dispositions	**-**	-	**94**	-
Proceeds of marketable securities disposed	**2,115**	-	**2,115**	-
Change in non-cash working capital	**1,872**	(6,492)	**(16,128)**	(11,621)
	(11,125)	(62,412)	**(47,844)**	(158,891)
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 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2016 and 2015

(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, primarily in the provinces of British Columbia, Saskatchewan and Alberta. The condensed interim 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 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, 2015. 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. These financial statements are presented in Canadian dollars, which is the functional currency of the Company, its subsidiary and partnerships.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 4, 2016.

3. Marketable securities:

The Company previously acquired 1,415,094 common shares of a public company trading on the TSX Venture exchange at $2.12 per common share. The shares were valued at $0.82 per common share for a total value of approximately $1.2 million at December 31, 2015. In the second quarter of 2016 all 1,415,094 common shares were sold for proceeds of approximately $2.1 million, resulting in a gain of $1.0 million for the six month period ended June 30, 2016 (June 30, 2015 – unrealized gain of $0.4 million).

4. Property, plant and equipment:

Cost or deemed cost	Total
Balance, January 1, 2015	$ 1,851,036
Additions	246,418
Acquisitions	15,147
Divestitures	(65,778)
Change in decommissioning obligations	8,040
Capitalized share-based compensation	6,995
Balance, December 31, 2015	$ 2,061,858
Additions	32,859
Acquisitions	1,086
Divestitures	(244)
Change in decommissioning obligations	(306)
Capitalized share-based compensation	4,011
Balance, June 30, 2016	$ 2,099,264

Accumulated depletion and depreciation		Total
Balance, January 1, 2015	$	704,440
Depletion and depreciation expense		93,084
Divestitures		(908)
Impairment (net)		55,376
Balance, December 31, 2015	$	851,992
Depletion and depreciation expense		45,426
Balance, June 30, 2016	**$**	**897,418**

Net book value		Total
Balance, June 30, 2016	**$**	**1,201,846**
Balance, December 31, 2015	$	1,209,866

The calculation of depletion for the three months ended June 30, 2016 included estimated future development costs of $1,282.9 million (December 31, 2015 - $1,316.2 million) associated with the development of the Company's proved plus probable reserves and excludes salvage value of $64.3 million (December 31, 2015 - $64.0 million) and undeveloped land of $213.6 million (December 31, 2015 - $218.9 million) related to future development acreage.

5. Bank loan:

As at June 30, 2016, the Company's bank facility consists of a revolving line of credit of $205 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 6, 2017. 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. The credit agreement 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. Debt consists of the Company's bank debt and senior unsecured notes while secured debt consists of the Company's bank debt. At June 30, 2016, these ratios were 3.0 and 1.2:1, respectively. EBITDA is a non-GAAP measure and is defined in the credit agreement as earnings before interest, taxes, depreciation and amortization, unrealized gains or losses on financial instruments, share-based compensation, all other non-cash items and EBITDA from disposed properties and acquisitions for the most recent twelve month period. Other non-cash items include impairment, gains or losses on divestitures and unrealized gains or losses on marketable securities for the most recent twelve month period. 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 October 31, 2016. 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 1.00 percent and 2.50 percent over the bank's prime lending rate and bankers' acceptances and LIBOR loans, which are subject to stamping fees and margins ranging from 2.00 percent to 3.50 percent depending upon the debt to EBITDA ratio of the Company calculated at the Company's previous quarter end. Standby fees are charged on the undrawn facility at rates ranging from 0.50 percent to 0.875 percent depending upon the debt to EBITDA ratio.

As at June 30, 2016, the Company's applicable pricing included a 1.0 percent margin on prime lending and a 2.0 percent stamping fee and margin on bankers' acceptances and LIBOR loans along with a 0.50 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 June 30, 2016, the Company had issued letters of credit totaling $8.4 million (December 31, 2015 - $7.8 million). The effective interest rate on the Company's borrowings under its bank facility for the six months ended June 30, 2016 was 4.9% (December 31, 2015 – 6.7%).

6. Senior unsecured notes:

In October 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. At June 30, 2016, the carrying value of the senior unsecured notes was net of deferred financing costs of $3.0 million (December 31, 2015 - $3.3 million).

7. Decommissioning obligations:

	Six months ended June 30, 2016	Year ended December 31, 2015
Decommissioning obligations, beginning of period	**$ 85,822**	$ 82,836
Obligations incurred	**1,332**	6,696
Obligations settled	**(386)**	(736)
Obligations divested	**-**	(6,159)
Change in estimated future cash outflows	**(1,638)**	1,344
Accretion of decommissioning obligations	**869**	1,841
Decommissioning obligations, end of period	**$ 85,999**	$ 85,822

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 $86.0 million as at June 30, 2016 (December 31, 2015 - $85.8 million) based on an inflation adjusted undiscounted total future liability of $111.7 million (December 31, 2015 - $113.9 million). These payments are expected to be made over the next 25 years with the majority of costs to be incurred between 2020 and 2035. The inflation rate applied to the liability is 2% (December 31, 2015 – 2%). The discount factor, being the risk-free rate related to the liability, is 2.03% (December 31, 2015 – 2.03%). The $1.6 million (December 31, 2015 - $1.3 million) change in estimated future cash outflows is a result of a change in future estimated undiscounted abandonment costs.

8. Share capital:

At June 30, 2016, the Company was authorized to issue an unlimited number of common shares with the holders of common shares entitled to one vote per share.

On March 3, 2015, the Company issued 16,667,000 Common Shares of the Company, on a bought deal basis, at a price of $6.00 per share for aggregate gross proceeds of $100 million.

Share based payments:

The Company had a stock option program that entitles officers, directors, employees and certain consultants to purchase shares in the Company. Options were granted at the market price of the shares at the date of grant, have a four year term and vested over three years. The Company elected not to seek shareholder approval for the requisite three-year renewal of its option program at its 2014 annual meeting and, as a result, is no longer eligible to issue new options without shareholder approval. Previously issued options will remain outstanding until exercised or their expiry.

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

	Number of options	Weighted average exercise price
Balance January 1, 2016	3,783	$ 6.51
Forfeited	(113)	$ 6.99
Expired	(304)	$ 8.41
Balance at June 30, 2016	**3,366**	$ 6.32

The following table summarizes information about the stock options outstanding at June 30, 2016:

Range of exercise prices	Outstanding at June 30, 2016	Weighted average remaining life (years)	Weighted average exercise price	Exercisable at June 30, 2016	Weighted average exercise price
$ 5.16 to $ 5.65	1,798	0.2	$ 5.64	1,790	$ 5.64
$ 5.66 to $ 7.16	200	0.7	$ 6.55	200	$ 6.55
$ 7.17 to $ 7.55	1,368	0.7	$ 7.18	1,364	$ 7.18
	3,366	0.4	$ 6.32	3,354	$ 6.32

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. 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. Through the vesting of 420,000 restricted awards and 620,000 performance awards, when taking into account the earned multipliers for performance awards, 1,647,000 common shares of the Company were issued for the six months ended June 30, 2016.

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

	Number of RAs	Number of PAs
Balance January 1, 2016	1,087	1,546
Granted	1,191	1,834
Vested	(420)	(620)
Forfeited	(83)	(96)
Balance at June 30, 2016	**1,775**	**2,664**

Per share amounts:

Per share amounts have been calculated on the weighted average number of shares outstanding. The weighted average shares outstanding for the period ended June 30, 2016 was 142,523,534 (2015 – 140,910,000) and for the six month period ended June 30, 2016, the weighted average number of shares outstanding was 141,797,00 (2015 – 134,798,000).

In computing diluted earnings per share for the three and six month periods ended June 30, 2016, nil (June 30, 2015 – nil) shares were added to the weighted average common shares outstanding to account for the dilution of stock options and restricted and performance awards. For the three and six month periods ended June 30, 2016, there were 3,366,000 (June 30, 2015 – 4,611,000) stock options and 4,439,000 (June 30, 2015 – 2,727,000) restricted and performance awards that were not included in the diluted earnings per share calculation because they were anti-dilutive.

9. Financial risk management:

Derivative contracts:

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

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

At June 30, 2016, the Company held derivative commodity contracts as follows:

Subject of Contract	Notional Quantity	Term	Reference	Strike Price	Option Traded	Fair Value ($000s)
Oil	250 bbl/day	July 1, 2016 - September 30, 2016	US$ WCS - WTI diff	($13.75)	Swap	(9)
Gas	2,500 gj/day	July 1, 2016 - October 31, 2016	AECO C Monthly Index	$2.14	Swap	(36)
Oil	500 bbl/day	July 1, 2016 - December 31, 2016	CDN$ WTI	$116.50	Call	-
Oil	750 bbl/day	July 1, 2016 - December 31, 2016	CDN$ WTI	$65.25	Swap	99
Oil	250 bbl/day	July 1, 2016 - December 31, 2016	USD$ WTI	$51.55	Swap	93
Gas	25,276 gj/day	July 1, 2016 - December 31, 2016	AECO C Monthly Index	$2.56	Swap	390
Gas	20,000 mmbtu/day	July 1, 2016 - December 31, 2016	Chicago Citygate	$3.79	Swap	(393)
Gas	7,500 gj/day	January 1, 2017 - December 31, 2017	AECO C Monthly Index	$2.59	Swap	(635)
Gas	5,000 gj/day	January 1, 2017 - December 31, 2017	AECO C Monthly Index	$2.90	Call Swaption(1)	(346)
Gas	17,500 mmbtu/day	January 1, 2017 - December 31, 2017	Chicago Citygate	$3.82	Swap	(1,991)
Oil	250 bbl/day	January 1, 2017 - December 31, 2017	CDN$ WTI	$67.75	Swap	8
Total						(2,820)

(1) The referenced contract is a European call swaption, which the counterparty will accept or decline by December 22, 2016.

Subsequent to June 30, 2016, the Company entered into the following derivative commodity contracts:

Subject of Contract	Notional Quantity	Term	Reference	Strike Price	Option Traded
Oil	250 bbl/day	October 1, 2016 – December 31, 2016	CDN$ WTI	$62.50	Swap
Gas	2,500 gj/day	January 1, 2017 - December 31, 2017	AECO C Monthly Index	$2.83	Swap

Capital management:

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

The Company considers its capital structure to include working capital, 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 the capital structure the Company may adjust capital spending, hedge future revenue and costs, issue new equity, issue new debt or repay existing debt through non-core asset sales.

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

The Company monitors this ratio and endeavours to maintain it at or below 2.0 to 1.0. During periods of increased capital expenditures, acquisitions or low commodity prices, this ratio will increase. As shown below, as at June 30, 2016, the Company's ratio of net debt to annualized funds from operations was 3.78 to 1 (December 31, 2015 – 3.04 to 1). As a result of the significant decline in commodity prices over the past two years, the Company increased its financial flexibility through

the issuance of additional equity in early 2015 (Share Capital – note 8) and the strategic divestiture of non-core assets for $50.1 million in the third quarter of 2015. The Company is closely monitoring its financial position and does not plan to add materially to its current debt position in 2016. Capital expenditures planned in 2016 will be substantially funded by funds from operations. With the Company's Bank Facility only 41% drawn and the forward market for oil and natural gas prices signaling an improvement over prices received during the first six months of 2016, the Company's financial position remains strong. If the Company feels it necessary to improve its financial position it will consider divesting of non-core properties, will adjust its annual capital expenditure program further or may consider other forms of financing.

		June 30, 2016		December 31, 2015
Net debt:				
Accounts receivable	**$**	**28,006**	$	26,697
Accounts payable and accrued liabilities		**(26,527)**		(37,434)
Working capital (deficiency) surplus	**$**	**1,479**	$	(10,737)
Bank loan		**(97,186)**		(80,980)
Senior unsecured notes		**(147,029)**		(146,679)
Net debt	**$**	**(242,736)**	$	(238,396)
Quarterly Annualized funds from operations:				
Cash provided by operating activities	**$**	**12,047**	$	12,373
Decommissioning obligations settled		**(33)**		43
Change in non-cash working capital		**4,209**		7,300
Accretion of deferred financing charges		**(175)**		(115)
Quarterly Funds from operations	**$**	**16,048**	$	19,601
Annualized	**$**	**64,192**	$	78,404
Net debt to annualized funds from operations		**3.78**		3.04

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The credit facilities are subject to a semi-annual review of the borrowing base which is directly impacted by the value of the oil and natural gas reserves (Bank loan – note 5).

10. Commitments:

	Total	2016	2017	2018	2019	2020	Thereafter
Operating leases	$ 4,700	$ -	$ 783	$ 1,175	$ 1,175	$ 1,175	$ 392
Firm transportation agreements	148,761	15,073	29,246	29,572	29,291	26,109	19,470
Firm processing agreements	58,015	6,717	13,325	13,325	13,325	11,323	-
Total	$ 211,476	$ 21,790	$ 43,354	$ 44,072	$ 43,791	$ 38,607	$ 19,862

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

The firm transportation agreements include commitments to third parties to transport natural gas and natural gas liquids from gas processing facilities in northeastern British Columbia.

The firm processing agreements include commitments to process natural gas through the Septimus complex gas processing facilities in northeastern British Columbia.

DIRECTORS & OFFICERS

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

Jamie L. Bowman
Vice President, Marketing

Kurtis Fischer
Vice President, Business Development

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

BOARD OF DIRECTORS

John A. Brussa,
Chairman Independent Director

Jeffery E. Errico,
Lead Director Independent Director

Dennis L. Nerland
Independent Director

Dale O. Shwed
President, Crew Energy Inc.

David G. Smith
Independent Director

Corporate Secretary

Michael D. Sandrelli
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
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