interim report Q2 2015

second quarter ending June 30, 2015

crew energy inc.

Crew Energy Inc. (TSX: CR) of Calgary, Alberta ("Crew" or the "Company") is pleased to provide our operating and financial results for the three and six month periods ended June 30, 2015.

SECOND QUARTER HIGHLIGHTS

- Production of 17,656 boe per day for the quarter exceeded Crew's budgeted volumes and reflects outperformance of new West Septimus wells that were production tested during the quarter in our Northeast British Columbia ("NE BC") Montney area, and partially offset the approximately 2,500 boe per day that was off-line for 25 days in June due to a planned third party facility turnaround;

- Funds from operations totaled $24.8 million or $0.18 per share, an increase of 20% and 13%, respectively, over the previous quarter as a result of higher revenues and lower costs which drove a 27% increase in funds from operations netback;

- Cash costs per boe in the quarter were 33% lower than the same period in 2014, highlighted by a 74% decrease in royalties and an 18% reduction in operating costs. Crew's second quarter operating costs were $8.81 per boe, 5% lower than the first quarter 2015;

- In July, Crew completed an innovative petroleum and natural gas rights exchange with the Province of BC, adding 53 net sections of new Montney land contiguous to our Groundbirch property (the "New Acreage"), in exchange for surrendering 66 net sections of undeveloped land that had been subject to restricted development since 2004. Pro-forma this transaction, Crew's NE BC Montney Economic Contingent Resource estimate increased by approximately 12% from 7.4 Tcfe to 8.3 Tcfe given the proximity of the new lands to existing proven development;

- Drilling results at West Septimus continue to improve. In aggregate, production from all six wells on the last completed pad flowed at a total raw gas rate of 45.5 mmcf per day (per well average of 7.6 mmcf per day) with 2,932 bbls per day of wellhead condensate (64 bbls per mmcf). The wells maintained this rate at an average flowing casing pressure in excess of 1,600 psi after recovering over 0.5 bcf of raw gas and over 28,700 bbls of raw wellhead condensate during an 11.5 day flow period. Based on the individual well production test data, the aggregate flow rate from all 15 wells that have been drilled and completed at West Septimus is 76 mmcf per day of raw gas and 4,920 bbls per day of raw wellhead condensate (65 bbls per mmcf) after an average 10 day flow period;

- At West Septimus and Septimus, six (5.7 net) natural gas wells were drilled and eight (8.0 net) natural gas wells were completed. Within our inventory of 31 NE BC Montney wells, 22 are currently in varying stages of completion and tie-in which will contribute to continued production growth through 2015 as new volumes are processed through the West Septimus facility and the existing Septimus facility is maintained at or near capacity;

- With improved efficiencies and industry cost adjustments, drilling costs have continued to decline at Septimus and West Septimus. Per well costs are now averaging between $4.0 and $4.5 million, driven by a 22% reduction in drill times compared to 2014; and

- Net debt at the end of the second quarter improved over the first quarter to $227.3 million and was 10% lower than year end 2014 with current debt capacity of $410 million. In the second quarter, Crew recorded the pending recovery from our facility partner of approximately $34 million representing one half of the current construction costs of the West Septimus facility.

FINANCIAL & OPERATING HIGHLIGHTS

FINANCIAL ($ thousands, except per share amounts)	**Three months ended June 30, 2015**	Three months ended June 30, 2014	**Six months ended June 30, 2015**	Six months ended June 30, 2014
Petroleum and natural gas sales	**44,678**	125,882	**84,618**	256,250
Funds from operations(1)	**24,769**	47,724	**45,489**	99,534
Per share - basic	**0.18**	0.39	**0.34**	0.82
- diluted	**0.18**	0.38	**0.34**	0.81
Net income (loss)	**(13,239)**	3,792	**(29,009)**	(125,901)
Per share - basic	**(0.09)**	0.03	**(0.22)**	(1.03)
- diluted	**(0.09)**	0.03	**(0.22)**	(1.03)
Exploration and Development expenditures	**54,694**	52,783	**145,786**	118,923
Property acquisitions (net of dispositions)	**1,226**	(215,115)	**1,484**	(112,583)
Net capital expenditures	**55,920**	(162,332)	**147,270**	6,340

Capital Structure ($ thousands)	**As at June 30, 2015**	As at Dec. 31, 2014
Working capital deficiency(2)	**41,108**	57,722
Net assets held for sale(3)	**(34,100)**	-
Bank loan	**73,871**	49,904
	80,879	107,626
Senior Unsecured Notes	**146,448**	146,110
Total Net Debt	**227,327**	253,736
Current Debt Capacity(4)	**410,000**	430,000
Common Shares Outstanding (thousands)	**141,029**	123,429

Notes:

(1) Funds from operations is calculated as cash provided by operating activities, adding the change in operating non-cash working capital, decommissioning obligations settled 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 accounts receivable less accounts payable and accrued liabilities.

(3) Net assets held for sale reflects the amounts reclassified from property, plant and equipment and decommissioning obligations for the assets less liabilities associated with the West Septimus facility disposition.

(4) Current Debt Capacity reflects the bank facility of $260 million plus $150 million in senior unsecured notes outstanding.

Operations	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Daily production				
Light oil (bbl/d)	**435**	117	**545**	99
Heavy oil (bbl/d)	**4,035**	5,957	**4,383**	6,042
Natural gas liquids (bbl/d)	**2,342**	1,566	**2,202**	1,610
Natural gas (mcf/d)	**65,062**	67,202	**67,268**	60,496
Subtotal (boe/d @ 6:1)	**17,656**	18,840	**18,341**	17,833
Properties Sold (boe/d) (1)	**-**	8,360	**-**	9,775
Total (boe/d)	**17,656**	27,200	**18,341**	27,608
Average prices (2)				
Light oil ($/bbl)	**63.64**	97.20	**55.04**	94.76
Heavy oil ($/bbl)	**52.60**	80.10	**44.02**	74.75
Natural gas liquids ($/bbl)	**36.21**	64.82	**32.00**	64.29
Natural gas ($/mcf)	**2.56**	5.16	**2.59**	5.67
Oil equivalent ($/boe)	**27.81**	50.86	**25.49**	51.28

Notes:

(1) Second quarter 2014 amounts are net of 8,360 boe/d of production volumes sold during Q2 and Q3 2014, including 3,265 bbl/d of oil, 1,042 bbl/d of natural gas liquids and 24,318 mcf/d of natural gas. Amounts for the six months ended June 30, 2014 are net of 9,775 boe/d of production including 3,241 bbl/d of oil, 109 bbl/d of natural gas liquids and 30,745 mcf/d of natural gas.

(2) Average prices are before deduction of transportation costs and do not include gains and losses on financial instruments. Average prices for light oil, natural gas liquids and natural gas have been adjusted to reflect the impact of the production volumes sold as shown in Note 1.

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Netback ($/boe)(1)				
Revenue	**27.81**	50.86	**25.49**	51.28
Realized commodity hedging gain/(loss)	**5.60**	(4.86)	**6.12**	(4.16)
Royalties	**(2.65)**	(10.15)	**(2.31)**	(10.39)
Operating costs	**(8.81)**	(10.72)	**(9.05)**	(11.04)
Transportation costs	**(1.78)**	(1.51)	**(1.87)**	(1.37)
Operating netback (2)	**20.17**	23.62	**18.38**	24.32
G&A	**(2.22)**	(1.94)	**(2.20)**	(2.03)
Interest on long-term debt	**(2.54)**	(2.40)	**(2.47)**	(2.38)
Funds from operations	**15.41**	19.28	**13.71**	19.91
Drilling Activity				
Gross wells	**6**	9	**12**	30
Working interest wells	**5.7**	8.3	**11.7**	27.3
Success rate, net wells (%)	**100%**	100%	**100%**	100%

Notes:

(1) Netback figures for the three and six months ended June 30, 2014 are as previously reported and have not been adjusted for Properties Sold.

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

OVERVIEW

Crew continued to execute our strategy through the second quarter and we were very pleased with our achievements and results. Despite the challenges and uncertainty facing the oil and natural gas industry, Crew reported positive results as our production exceeded budget and funds from operations and netbacks were higher than the previous quarter, while our cash costs fell by more than 33% compared to the same period in 2014.

We exceeded our budgeted production volumes in the second quarter generating 17,656 boe per day stemming from better than projected results from new wells that were production tested at West Septimus. This outperformance helped to partially offset the impact of a third party plant turnaround which impacted Crew's volumes by approximately 2,500 boe per day for 25 days in June. Despite this, our funds from operations were higher than the previous quarter on an absolute and per share basis, supported by stronger netbacks from higher prices and lower cash costs.

Crew is particularly pleased with the results from our recently completed West Septimus wells, the results from which have exceeded expectations with higher initial production, condensate rates and pressures. With the higher gas rates and liquids content from these newer wells, the economics in West Septimus continue to be very attractive, even at current prices.

We finalized construction of our new 60 mmcf per day West Septimus processing facility which is planned to be commissioned in early August providing the processing capacity to double production from our Montney assets. Upon initial commissioning, the West Septimus facility is expected to be operating at approximately half of its capacity. As a result, Crew is well positioned for a second phase of significant production growth once the facility reaches full capacity and the Company elects to double the facility to 120 mmcf per day.

Subsequent to the end of the quarter, we completed an innovative petroleum and natural gas rights exchange with the Province of BC, which was a mutually beneficial land swap that further focuses Crew's asset base (the "Montney Exchange"). The New Acreage is contiguous to our Groundbirch assets, well situated with access to infrastructure, and due to its proximity to existing industry development, has estimated Economic Contingent Resource assigned. The New Acreage features prospective Upper and Lower Montney zones, and is not subject to near term land expiries, with the earliest occurring in 2021. Four horizontal wells are required to be drilled and completed any time prior to the middle of 2021 to validate this land.

With the completion of Crew's Montney Exchange, Sproule Associates Ltd. ("Sproule") prepared an updated independent Montney resource evaluation specifically on the New Acreage, effective December 31, 2014. As a result of this transaction, Crew's overall aggregate Economic Contingent Resource estimate assigned to all of our lands in the NE BC Montney region increased from 7.4 Tcfe to 8.3 Tcfe, a gain of approximately 12%. With additional expansions to our Economic Contingent Resource, Crew is afforded significant short and longer-term opportunities to continue adding reserves with further drilling.

FINANCIAL

Crew's second quarter funds from operations totaled $24.8 million, an increase of 20% over that earned in the first quarter of 2015, as increased netbacks offset production that was 7% lower than the first quarter due to a third party facility turnaround. Funds from operations were $0.18 per share, an increase of 13% quarter over quarter, with improved second quarter netbacks helping to offset the dilution impact of the Company's first quarter equity issue. Funds from operations were less than the second quarter of 2014 and were impacted by the substantial commodity price decline experienced in the second half of 2014 and the sale of 30% of Crew's 2014 second quarter production through the Deep Basin and Princess dispositions.

The second quarter improvement in netbacks was fueled by a 19% increase in Crew's realized commodity prices as compared to the first quarter. North American oil prices stabilized in the second quarter with the benchmark Canadian dollar denominated West Texas Intermediate ('WTI") price averaging $71.23 per barrel, an increase of 18% over the first quarter. This provided the foundation for the Company's realized price on our liquids production to increase by 36% as compared to the first quarter. The disproportionate increase in the Company's realized liquids price, as compared to the WTI benchmark, was the result of strong pricing received for Crew's heavy oil production which makes up approximately 60% of our total liquids production. Forest fires in northern Alberta impacted the supply of Canadian heavy oil to U.S. markets which resulted in the heavy oil benchmark, Western Canadian Select ("WCS"), averaging $56.93 per barrel, an increase of 35% over the first quarter. The strength of Canadian heavy oil prices combined with lower condensate blending costs and the Company's successful marketing strategy allowed Crew to outperform the heavy oil benchmark for the quarter. Our realized natural gas price saw little change in the second quarter as compared to the first quarter of 2015. Natural gas pricing at the Company's two sales points in NE BC, Alliance CREC and Spectra Station 2, continue to be volatile as described in the 'Transportation and Marketing' section below. However, the Company's fixed differential term sales on Alliance and our ability to actively move gas between the two markets has allowed Crew to mitigate a significant portion of the price weakness.

In the context of the current commodity price environment, Crew continues to work with service providers to achieve cost reductions across many areas of our business and we have been pleased with the reductions in field costs secured to date. Compared to first quarter 2015, our operating costs and transportation costs per boe dropped by 5% and 9%, respectively, while royalties per boe increased by approximately 33% due to pricing that was higher in the second quarter than the previous quarter and the impact of a prior period adjustment that reduced first quarter royalties. In the second quarter we realized a gain on hedging of $9.0 million ($5.60 per boe), which compared to a loss of $4.86 per boe in the second quarter of 2014 and a gain of

$6.61 per boe in the prior quarter. Crew has protected a portion of our funds from operations for the balance of 2015 and supported our ongoing financial stability with additional hedging contracts which are outlined below under 'Transportation and Marketing'.

Capital spending during the quarter was focused at Septimus / West Septimus where we continued to move towards the start-up of the new facility, build gathering lines and to drill and complete new wells in anticipation of the facility's third quarter commissioning. Capital spending for the quarter totaled $55.9 million including $29.5 million on drilling and completions and $22.5 million on facilities, equipment and pipelines. Our debt levels remained stable, with quarter end net debt of $227 million comprised of $150 million ($146 million net of deferred costs) of senior notes that mature in 2020 and $81 million of bank debt and working capital deficiency against a $260 million bank facility. The bank debt and working capital deficiency includes the pending recovery from our facility partner of approximately $34 million representing one half of the current construction costs of the West Septimus facility.

TRANSPORTATION AND MARKETING

During the latter part of 2014 and year to date in 2015, natural gas pricing in NE BC and Northwest Alberta has been significantly impacted as a result of increased supply coupled with multiple, overlapping pipeline service outages and transportation bottlenecks which have negatively affected realized pricing in the region. However, Crew is able to partially mitigate the impact of such market conditions due to the dual connectivity of the Septimus gas plant which can simultaneously access both the Spectra and Alliance pipeline systems. This allows the Company to actively manage delivery points in order to capture the best available pricing option for our NE BC gas. In addition, in late 2014 Crew entered into forward physical contracts on 62% of our Septimus natural gas sales at fixed monthly CREC differentials that have provided more favorable pricing when compared to the actual settled monthly average differential. As such, over the last three quarters, Crew has realized a net benefit of over $2.0 million due to our ability to divert gas to multiple pipelines as well as a net benefit of approximately $6.8 million from term fixed differential sales over the same period. These contracts will remain in place through the end of November, 2015 when our new sales contracts on Alliance become effective on December 1, 2015.

Going forward, Crew has taken steps to enhance our market and operational diversification for our natural gas production. Effective December 1, 2015, Crew committed to 100 mmcf per day of firm receipt transportation service on the Alliance system. In conjunction with this, the Company entered into natural gas sales contracts on 45 mmcf per day priced off of Chicago citygate indices, affording improved market diversity and downstream takeaway capacity for a three year term. In addition, we have sold 28 mmcf per day priced directly off of the AECO index for a one year term. Longer term, Crew has committed to expansions of takeaway capacity on both the Spectra and TCPL systems. These efforts are critical in positioning Crew for future growth and to manage market price diversification.

As part of our marketing and transportation strategies, we also utilize financial risk management contracts to protect against price volatility. For the balance of 2015, we have currently hedged 33,800 gj per day of natural gas volumes at an average price of $3.71 per gj ($3.92 per mcf), 2,060 bbl per day of liquids volumes hedged at an average price of CDN$102.80 per bbl, and 2,063 bbl per day of WCS differentials locked in at CDN$21.51 per bbl. For 2016, we currently have hedged 5,014 gj per day hedged at $2.98 per gj ($3.15 per mcf), 251 bbl per day of liquids volumes hedged at an average price of CDN$78.25 per bbl, and on 249 bbl/d of WCS we have locked in differentials at US$14.95 per bbl.

Lastly, a critical component in the development plan for our Montney assets is managing infrastructure planning and implementation. During the first quarter we began designing the necessary surface equipment and pipeline tie-in to eliminate the trucking of condensate from our Septimus facility through the installation of a Lease Automatic Custody Transfer ("LACT") unit, which will reduce condensate transportation costs by up to $4.00 per barrel in the area. This LACT unit is on schedule to be completed concurrently with the commissioning of our new West Septimus facility in the first part of August.

OPERATIONS UPDATE

Septimus / West Septimus - Montney, NE BC

Through the second quarter, Crew's operational focus was largely centered at Septimus / West Septimus, including finalizing construction of our new 60 mmcf per day West Septimus processing facility, and drilling and completing an inventory of wells to supply both our new West Septimus facility as well as our existing Septimus facility. In the second quarter, Crew drilled five (5.0 net) wells at West Septimus as part of our ongoing development of this exciting new core area and one (0.7 net) well of a five well pad at Septimus. With improved efficiencies and industry cost adjustments, our drilling costs have continued to decline at Septimus and West Septimus. Per well costs are now averaging between $4.0 and $4.5 million, driven lower by a 22% reduction in drill times compared to 2014.

At the end of the second quarter, a total of 19 wells have been drilled in West Septimus with 15 of them completed, tested and ready for the new facility start-up. The wells on the most recently drilled and completed six well pad were production tested through our existing Septimus facility and were flowing at a total raw gas rate of 45.5 mmcf per day with 2,932 bbls per day of wellhead condensate (64 bbls per mmcf). The wells maintained this rate with average flowing casing pressure in excess of 1,600 psi after recovering over 0.5 bcf of raw gas and over 28,700 bbls of raw wellhead condensate over an 11.5 day flow period. Based on the individual well production test data, the aggregate flow rate from the 15 West Septimus wells was 76 mmcf/day of raw gas and 4,920 bbls/day of raw wellhead condensate (65 bbls/mmcf) after an average 10 day flow period. With the new 60 mmcf/day West Septimus facility expected to be fully operational by the middle of August, it is Crew's intent to restrict flow from these wells during the start-up and initial production period to approximately 50% of capacity to both attempt to maximize liquids rates over time and to manage capital expenditures and production levels during this period of weak commodity prices.

Given that Crew's 2014 year-end reserve assignment at West Septimus is based on a proved plus probable type curve comprising 2.8 bcf per well and 49 mbbls of condensate (59% of total booked liquids), the performance of our most recent West Septimus wells is anticipated to materially exceed the assumptions upon which our year-end West Septimus reserves assignment was based. With higher gas and condensate rates combined with lower per well costs, Crew's estimated internal rate of return ("IRR") at current commodity prices on the most recent West Septimus wells is over 110%[(1)]. This return is three times greater than earlier wells with lower gas and liquids rates. With our highly successful drilling program at West Septimus, Crew is evaluating the merits of expanding the new facility in 2016 to 120 mmcf per day.

Tower Oil – Montney, NE BC

Crew's enthusiasm for our Tower land position continues to be supported by ongoing improvements in cost structure, completion technology and corresponding well results. At Tower we have four wells drilled and cased and are working on infrastructure initiatives to maximize the return from our investment in the area, particularly at lower commodity prices. Of particular focus is the implementation of more cost effective water handling solutions targeting reduced capital and operating costs in the area. Testing of one of these options was undertaken in the second quarter as we were able to flow water directly from Tower to the Septimus facility and eliminate water trucking costs of approximately $2.50 per boe. When the cost reductions can be permanently implemented, coupled with the continued evolution of drilling and completions practices at Tower, we are very well positioned to increase our exposure to light oil and condensate going forward.

Groundbirch / Attachie – Montney, NE BC

At Groundbirch, we are pleased to have expanded our land position following the completion of the Montney Exchange and resulting addition of the New Acreage which is not subject to any land expiries until 2021 at the earliest. In the third quarter 2015, we anticipate tying in two wells that were drilled and completed at Groundbirch during 2014. We are excited by the significant future growth potential at Groundbirch, particularly with the recent approval by the National Energy Board of the TransCanada North Montney mainline pipeline which is proposed to pass through our enhanced Groundbirch land position and will be proximal to the location of Crew's planned future Groundbirch gas plant currently expected to be built in 2017 to 2018.

Lloydminster Oil - Alberta/Saskatchewan

With the narrowing of differentials and improvement in heavy oil prices through the second quarter, we elected to restart a number of heavy oil wells at Lloydminster and undertake our most economic recompletion opportunities. Crew has also made significant improvements in the cost structure of our Lloydminster operations as operating costs for the first half of 2015 have declined 14% when compared to the same period in 2014, despite reduced volumes in the area.

OUTLOOK

Crew remains focused on executing our strategy to prudently develop our world-class NE BC Montney assets while protecting our balance sheet against the backdrop of severely weakened commodity prices. We have taken steps to position the Company to weather volatility during challenging periods as well as to generate attractive returns during periods with stronger prices. We continue to delineate and develop our suite of existing Montney assets while making the necessary investments in processing infrastructure to provide optionality for access and take away capacity. With 31 wells drilled and 22 wells in various stages of completion and tie-in, Crew is strongly positioned to continue to meet our production targets and pursue economic growth. Further, we have utilized hedging and other fixed term contracts to protect our downside. Our successful petroleum and natural gas rights exchange with the Province of BC bolsters our acreage at Groundbirch and increased our existing estimates of Economic Contingent Resource by 12%.

In the near term, we will commission our new West Septimus facility which is expected to be processing approximately half of its full 60 mmcf per day capacity by the end of August. When the plant is processing to capacity the Company can elect to double the facility to 120 mmcf per day, adding an incremental 12,000 boe per day of productive capacity. Given the ongoing weakness in commodity prices, Crew will continue to seek options to enhance our pricing to underpin our funds from operations and protect our balance sheet. The dual connectivity at our Septimus gas plant enables Crew to simultaneously access both the Spectra and Alliance pipeline systems to capture the best available pricing option for our NE BC gas. This will likely continue to be a significant benefit as constrained natural gas take-away capacity impacts prices and curtails producer volumes in northeast BC and northwest Alberta in the third quarter.

[(1)] IRR Assumptions: $2.50 per gj AECO gas, US$50 per bbl WTI, 0.77 $C/$US, 4.9 mmcf per day raw gas initial production rate and NGL's of 80 bbl per mmcf with 75% condensate.

We plan to continue drilling at West Septimus and Septimus with two rigs running generating an inventory of drilled wells to be completed, while also testing new zones in both the Upper and Lower Montney. Into 2017 and 2018, we plan to increase focus on development at Groundbirch including the New Acreage, as well as plan for construction of a 60 mmcf per day plant to service growth in that area. In light of the current weak commodity price environment, we will continue to make strategic capital investment decisions and prudently allocate capital depending on market factors and project economics. This will allow Crew to retain flexibility and more effectively balance our objectives of growth with preservation of balance sheet strength into 2016 and beyond.

We are maintaining annual production guidance of 20,000 to 22,000 boe per day, and our year-end exit forecast of 24,000 to 25,000 boe per day. With the continued development of our Montney growth plan in NE BC, we anticipate our exit Montney production volumes in 2015 will almost double those realized at year end 2014. Crew has $410 million of total credit capacity, including $150 million of senior notes that term out in 2020, and we are under 30% drawn on a $260 million credit facility. This strong financial position affords Crew significant flexibility during periods of volatility and supports our ongoing growth strategy. With the cost savings realized to date in 2015, our forecast funds from operations using forward strip pricing combined with our budgeted net capital program of $185 million is currently expected to result in a year end net debt level of approximately $250 million.

We would like to thank our employees and Board of Directors for their commitment to Crew, and our shareholders for their ongoing support through a challenging market environment.

Cautionary Statements

Forward-Looking Information and Statements

This report contains certain forward–looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" "forecast" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this report contains forward-looking information and statements pertaining to the following: the volume and product mix of Crew's oil and gas production; production estimates including 2015 forecast average and exit productions; estimates of 2015 year end net debt; the recognition of significant resource potential in our NE BC Montney area; 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 including estimates of IRR at West Septimus; anticipated reductions in operating costs and G&A expenditures and potential to improve ultimate recoveries and initial production rates; future costs, expenses and royalty rates; future interest costs; the exchange rate between the $US and $Cdn; future development, exploration, acquisition and development activities and related capital expenditures and the timing thereof; the number of wells to be drilled, completed and tied-in and the timing thereof; the amount and timing of capital projects including anticipated timing of the commissioning of the West Septimus facility and the recovery of $34 million of costs upon completion; the total future capital associated with development of reserves and resources; and methods of funding our capital program, including possible non-core asset divestitures and asset swaps.

Forward-looking statements or information are based on a number of material factors, expectations or assumptions of Crew which have been used to develop such statements and information but which may prove to be incorrect. Although Crew believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because Crew can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which Crew operates; the timely receipt of any required regulatory approvals; the ability of Crew to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects in which Crew has an interest in to operate the field in a safe, efficient and effective manner; the ability of Crew to obtain financing on acceptable terms 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 Crew's lands 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.

Resource Estimates

This report contains references to estimates of oil and gas classified as Economic Contingent Resource ("ECR") in the Montney region in Northeastern British Columbia which are not, and should not be confused with, oil and gas reserves. Such estimates are based upon an independent resource evaluation effective as at December 31, 2014, prepared in accordance with the Canadian Oil and Gas Evaluation Handbook (the "2014 Resource Evaluation"). Complete details of the 2014 Resource Evaluation were set forth in Crew's previously disseminated press release dated May 7, 2015. In conjunction with the recent completion of Crew's Montney Exchange transaction with the Province of British Columbia, Sproule has updated the 2014 Resource Evaluation to reflect the impact of this transaction and, in particular, the resulting increase in Crew's ECR estimate as disclosed herein (the "Updated 2014 Resource Evaluation"). Such estimates are subject to a number of cautionary statements, assumptions, risks, positive and negative factors relevant to the estimates and contingencies, the details of which were set forth in Crew's May 7, 2015 press release. Accordingly, readers are referred to and encouraged to review the sections entitled "Northeast British Columbia Montney Resource Evaluation", "Definitions of Oil and Gas Resources and Reserves" and "Information Regarding Disclosure on Oil and Gas Reserves, Resources and Operational Information" in the May 7, 2015 press release for applicable definitions, cautionary language, explanations and discussion of resource estimates, all of which is incorporated by reference herein. Complete details of the Updated 2014 Resource Evaluation are also available within Crew's updated corporate presentation available on our website at www.crewenergy.com.

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, 2015 and 2014. 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, 2014. All figures provided herein and in the June 30, 2015 unaudited condensed interim consolidated financial statements are reported in Canadian dollars. This MD&A is dated August 6, 2015.

Forward Looking Statements

This MD&A contains forward looking statements. Management’s assessment of future plans and operations, drilling plans and the timing thereof, plans for the tie-in and completion of wells, 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 2015 average and 2015 exit forecasts, expected commodity mix and prices, future operating costs, future transportation costs, expected royalty rates, expected general and administrative expenses, expected interest rates, available credit lines, 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, 2015**	Three months ended June 30, 2014	**Six months ended June 30, 2015**	Six months ended June 30, 2014
Cash provided by operating activities	**23,013**	43,589	**40,234**	93,927
Decommissioning obligations settled	**330**	344	**600**	451
Change in operating non-cash working capital	**1,595**	3,891	**4,993**	5,418
Accretion of deferred financing costs	**(169)**	(100)	**(338)**	(262)
Funds from operations	**24,769**	47,724	**45,489**	99,534

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, the premium on flow-through shares 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 the future growth of the Company. Crew monitors working capital and net debt as part of its capital structure. Working capital and net debt do not have a standardized meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures for other entities. The following tables outline Crew's calculation of working capital and net debt:

($ thousands)	**June 30, 2015**	December 31, 2014
Current assets	**75,502**	78,469
Current liabilities	**(67,129)**	(95,337)
Marketable securities	**(1,627)**	(2,052)
Derivative financial instruments (net)	**(13,754)**	(38,802)
Working capital deficit	**(7,008)**	(57,722)

($ thousands)	**June 30, 2015**	December 31, 2014
Bank loan	**(73,871)**	(49,904)
Senior unsecured notes	**(146,448)**	(146,110)
Working capital deficit	**(7,008)**	(57,722)
Net debt	**(227,327)**	(253,736)

RESULTS OF OPERATIONS

2014 Strategic Transactions

On May 30, 2014, Crew disposed of approximately 7,000 boe per day (75% natural gas) focused primarily in the Deep Basin of Alberta (the "Alberta Gas Disposition").

On September 30, 2014, Crew disposed of approximately 3,650 boe per day of production (78% oil) in the Princess area of Alberta (the "Princess Disposition").

These transactions have had a significant impact on the comparison of the Company's results for the three and six month periods ended June 30, 2015 to the results for the same period in 2014. The impact is outlined in detail below and in the Company's Management Discussion and Analysis for the year ended December 31, 2014.

Production

	Three months ended June 30, 2015				Three months ended June 30, 2014			
	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	435	2,342	64,696	13,560	117	1,566	66,983	12,846
Lloydminster	4,035	-	366	4,096	5,957	-	219	5,994
Properties Sold	-	-	-	-	3,265	1,042	24,318	8,360
Total	4,470	2,342	65,062	17,656	9,339	2,608	91,520	27,200

Production for the three months ended June 30, 2015 decreased 35% over the same period in 2014 as a result of the Alberta Gas and Princess Dispositions that closed in the second and third quarters of 2014. During the second quarter, the Company's production was impacted by the planned maintenance of a third party facility in northeast British Columbia which took approximately 2,500 boe per day offline for 25 days in June. The impact of the dispositions and facility outage was partially offset by increased light oil production from Tower, British Columbia and increased liquids rich natural gas production from the Company's successful drilling program at West Septimus, British Columbia. At Lloydminster, heavy oil production declined as a result of limited capital spending in the area, including limited well reactivations, over the last nine months, combined with over 650 boe per day of heavy oil production remaining shut-in due to the low price environment.

	Six months ended June 30, 2015				Six months ended June 30, 2014			
	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	545	2,202	66,965	13,908	99	1,610	60,297	11,758
Lloydminster	4,383	-	303	4,433	6,042	-	199	6,075
Properties Sold	-	-	-	-	3,241	1,409	30,745	9,775
Total	4,928	2,202	67,268	18,341	9,382	3,019	91,241	27,608

Production volumes decreased 34% in the first six months of 2015 as compared to the same period in 2014 as a result of the aforementioned Alberta Gas and Princess Dispositions in the second and third quarters of 2014, respectively. Lloydminster heavy oil production declined as a result of shut-in heavy oil production due to the current low price environment combined with the Company reducing its capital spending in the area in favor of incremental spending at its liquids rich natural gas play in northeast British Columbia where Crew successfully increased its production by 18% over the same period in 2014.

Revenue

	Three months ended June 30, 2015	Three months ended June 30, 2014	**Six months ended June 30, 2015**	Six months ended June 30, 2014
Revenue ($ thousands)				
Light oil	**2,518**	1,031	**5,431**	1,693
Heavy oil	**19,313**	43,424	**34,925**	81,752
Natural gas liquids	**7,716**	9,236	**12,754**	18,736
Natural gas	**15,131**	31,563	**31,508**	62,095
Properties Sold	**-**	40,628	**-**	91,974
Total	**44,678**	125,882	**84,618**	256,250
Crew average prices[(1)]				
Light oil ($/bbl)	**63.64**	97.20	**55.04**	94.76
Heavy oil ($/bbl)	**52.60**	80.10	**44.02**	74.75
Natural gas liquids ($/bbl)	**36.21**	64.82	**32.00**	64.29
Natural gas ($/mcf)	**2.56**	5.16	**2.59**	5.67
Oil equivalent ($/boe)	**27.81**	50.86	**25.49**	51.28
Benchmark pricing				
Light oil – Cdn$ WTI (Cdn $/bbl)	**71.23**	112.31	**65.80**	110.61
Heavy oil – WCS (Cdn $/bbl)	**56.93**	90.43	**49.52**	86.96
Natural gas liquids – Condensate @ Edmonton (Cdn $/bbl)	**68.93**	112.46	**61.55**	111.49
Natural Gas – AECO 2A daily index (Cdn $/mcf)	**2.66**	4.69	**2.71**	5.21
Alliance Natural Gas – AECO 4A less CREC differential (Cdn $/mcf)	**1.56**	4.44	**1.76**	4.94
Spectra Natural Gas – NGX Station #2 day ahead index (Cdn $/mcf)	**2.12**	4.42	**2.13**	4.82

(1) 2014 average prices for light oil, natural gas liquids and natural gas have been adjusted to reflect the impact of the Alberta Gas and Princess Dispositions.

In the second quarter of 2015, Crew's revenue decreased 65% as a result of reduced production due mainly to the Alberta Gas and Princess Dispositions coupled with a 44% decrease in commodity pricing as compared with the same quarter in 2014. Crew's light oil revenue increased due to new production from the Tower oil property, however was negatively impacted by a decline of 35% in the Company's realized light oil price which was comparable to the 37% decrease in the Company's Cdn$ West Texas Intermediate ("WTI") benchmark price. Crew's second quarter Lloydminster heavy oil price decreased 34% which outperformed the 37% decrease in the Company's Western Canadian Select ("WCS") benchmark for the same period in 2014 as the Company successfully marketed its physical contracts during periods when WCS differentials were narrower than the average market trade for the quarter combined with lower condensate blending costs for the quarter. The Company's realized natural gas price decreased 50% compared to the 65% decrease in the AECO 4A less CREC differential benchmark and 52% decrease in the NGX Spectra Station #2 day ahead index which reflect the two primary markets for Crew's Septimus natural gas production. The Company benefited from physically forward selling a portion of its natural gas at a fixed monthly CREC differential that was lower than the actual monthly average differential. In addition, the Company actively managed the delivery of its Septimus natural gas production through the dually connected Septimus gas plant to optimize its daily pricing between the Alliance and Spectra pipelines. Crew's second quarter natural gas liquids ("ngl") price decreased 44% over the same quarter in 2014 which was greater than the 39% decrease in the Condensate at Edmonton benchmark price. The Company's natural gas liquids ("ngl") production includes propane and butane, both of which saw price declines in excess of the benchmark decrease as compared the same period in 2014.

The Company's first half 2015 revenue decreased significantly over the same period in 2014 as a result of the 34% decrease in production combined with a 50% decline in commodity pricing. For the first six months of 2015 the Company's light oil price decreased 42% which was comparable to the 41% decrease in the Company's WTI benchmark price. Crew's Lloydminster oil price decreased 41% as compared with the 43% decline in the WCS benchmark due to the previously mentioned active marketing program and reduced condensate blending costs. The Company's natural gas price declined 54% as compared to a 64% and 56% in the Alliance and Spectra benchmarks, respectively, due to the Company's physical forward delivery contracts and active marketing program. For the first six months of 2015, Crew's decreased ngl price is disproportionately lower as compared to the benchmark pricing as a result of the propane and butane revenue embedded in the Company's realized ngl price.

Royalties

($ thousands, except per boe)	**Three months ended June 30, 2015**	Three months ended June 30, 2014	**Six months ended June 30, 2015**	Six months ended June 30, 2014
Royalties	**4,250**	25,111	**7,684**	51,914
Per boe	**2.65**	10.15	**2.31**	10.39
Percentage of revenue	**9.5%**	19.9%	**9.1%**	20.3%

In the second quarter and first half of 2015, royalties as a percentage of revenue decreased significantly over the same periods in 2014 as a result of the decline in commodity prices and disposition of higher royalty rate production from the Alberta Gas and Princess Dispositions in 2014. The Company's royalty rates are price sensitive and therefore a significant drop in commodity prices have reduced royalties and royalty rates in northeast British Columbia and Lloydminster. In the first quarter of 2015, the Company had a one-time adjustment to actual mineral taxes resulting in a lower royalty rate for the first six months of 2015. With the continued current low commodity price environment, Crew has reduced its forecast for royalties as a percentage of revenue to average between 10% and 12% in 2015.

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 income (loss) and comprehensive income (loss):

($ thousands)	**Three months ended June 30, 2015**	Three months ended June 30, 2014	**Six months ended June 30, 2015**	Six months ended June 30, 2014
Realized gain (loss) on derivative financial instruments	**8,995**	(12,029)	**20,322**	(20,774)
Per boe	**5.60**	(4.86)	**6.12**	(4.16)
Unrealized loss on financial instruments	**(13,620)**	10,514	**(24,263)**	(8,515)

As at June 30, 2015, the Company held derivative commodity contracts as follows:

Subject of Contract	Notional Quantity	Term	Reference	Strike Price	Option Traded	Fair Value ($000s)
Oil	1,750 bbl/day	July 1, 2015 – December 31, 2015	CDN$ WTI	$102.62	Swap	8,698
Oil	2,000 bbl/day	July 1, 2015 – December 31, 2015	CDN$ WCS – WTI diff	($21.59)	Swap	(2,143)
Gas	37,500 gj/day	July 1, 2015 – December 31, 2015	AECO C Monthly Index	$3.68	Swap	7,211
Oil	250 bbl/day	October 15, 2015 – June 30, 2016	CDN$ WCS – WTI diff	($14.95)	Swap	(61)
Oil	250 bbl/day	January 1, 2016 – June 30, 2016	CDN$ WCS – WTI diff	($14.95)	Swap	(43)
Oil	500 bbl/day	January 1, 2016 – December 31, 2016	CDN$ WTI	$116.50	Call	(96)
Oil	250 bbl/day	January 1, 2016 – December 31, 2016	CDN$ WTI	$78.25	Swap	48
Gas	5,000 gj/day	January 1, 2016 – December 31, 2016	AECO C Monthly Index	$2.98	Swap	189
Total						13,803

Operating Costs

($ thousands, except per boe)	**Three months ended June 30, 2015**	Three months ended June 30, 2014	**Six months ended June 30, 2015**	Six months ended June 30, 2014
Operating costs from continued operations	**14,148**	26,544	**30,045**	55,166
Per boe	**8.81**	10.72	**9.05**	11.04

For the second quarter and first half of 2015, operating costs per boe decreased 18% over the same periods in 2014 as a result of the Princess Disposition which yielded higher operating costs per boe. In addition, the Company realized lower operating costs at its Lloydminster operations as production with higher lifting costs was shut-in over the past nine months combined with the Company reducing well servicing costs during the period. These decreases were partially offset by additional higher cost light oil production from the Tower area and the disposition of lower cost production from the Alberta Gas Disposition. As a result of the cost savings recognized to date and the forecasted growth of Crew's lower cost Montney production the Company has lowered its forecast for annual operating costs to average between $8.50 and $9.00 per boe.

Transportation Costs

($ thousands, except per boe)	**Three months ended June 30, 2015**	Three months ended June 30, 2014	**Six months ended June 30, 2015**	Six months ended June 30, 2014
Transportation costs from continued operations	**2,852**	3,749	**6,210**	6,837
Per boe	**1.78**	1.51	**1.87**	1.37

In the second quarter of 2015 and first six months of 2015, the Company's transportation costs per boe increased as compared to the same periods in 2014 as a result of the Alberta Gas and Princess Dispositions which yielded lower transportation costs per boe than the corporate average. The Company continues to forecast transportation costs per boe to range between $1.85 and $2.25 per boe in 2015.

Operating Netbacks

($/boe)	**Three months ended June 30, 2015**	Three months ended June 30, 2014	**Six months ended June 30, 2015**	Six months ended June 30, 2014
Revenue	**27.81**	50.86	**25.49**	51.28
Royalties	**(2.65)**	(10.15)	**(2.31)**	(10.39)
Realized commodity hedging gain/(loss)	**5.60**	(4.86)	**6.12**	(4.16)
Operating costs	**(8.81)**	(10.72)	**(9.05)**	(11.04)
Transportation costs	**(1.78)**	(1.51)	**(1.87)**	(1.37)
Operating netbacks	**20.17**	23.62	**18.38**	24.32

Operating netbacks for the three and six months ended June 30, 2015 decreased as compared to the same periods in 2014 as result of the weaker commodity prices partially offset by lower operating and royalty costs coupled with a successful hedging program.

General and Administrative Costs

($ thousands, except per boe)	**Three months ended June 30, 2015**	Three months ended June 30, 2014	**Six months ended June 30, 2015**	Six months ended June 30, 2014
Gross costs	**5,332**	7,451	**11,133**	15,343
Operator's recoveries	**(53)**	(202)	**(211)**	(284)
Capitalized costs	**(1,711)**	(2,459)	**(3,616)**	(4,909)
General and administrative expenses	**3,568**	4,790	**7,306**	10,150
Per boe	**2.22**	1.94	**2.20**	2.03

Gross and net post-recovery general and administrative costs, for the three and six month periods ended June 30, 2015, decreased compared to the same periods in 2014 due to reduced staffing levels as a result of the Alberta Gas and Princess Dispositions and a reduction in the Company's compensation program prompted by the substantial decline in commodity prices over the past nine months. The Company maintains its general and administrative cost forecast to average between $2.00 and $2.25 per boe in 2015.

Share-Based Compensation

($ thousands)	**Three months ended June 30, 2015**	Three months ended June 30, 2014	**Six months ended June 30, 2015**	Six months ended June 30, 2014
Gross costs	**2,501**	3,749	**8,455**	5,983
Capitalized costs	**(1,163)**	(1,785)	**(4,122)**	(2,848)
Total share-based compensation	**1,338**	1,964	**4,333**	3,135

Share-based compensation expense for the three months ended June 30, 2015 has decreased compared to the same period in 2014 as a result of lower valued restricted and performance awards granted in the second quarter of 2015. Higher share-based compensation expense for the six months ended June 30, 2015 is a result of additional compensation expense recorded in the first quarter of 2015 which was due to an increase in the performance multiplier applied to the performance awards recognizing the Company's positive 2014 performance.

Depletion and Depreciation

($ thousands, except per boe)	**Three months ended June 30, 2015**	Three months ended June 30, 2014	**Six months ended June 30, 2015**	Six months ended June 30, 2014
Depletion and depreciation	**23,493**	42,306	**49,498**	91,520
Per boe	**14.62**	17.09	**14.91**	18.31

Depletion and depreciation costs and costs per boe decreased in the three and six month periods ended June 30, 2015 compared to the same periods in 2014, as a result of increased proved plus probable reserve bookings from the Company's 2014 annual reserve evaluation combined with the removal of higher depletion rate assets from the Company's property, plant and equipment as a result of the Alberta Gas and Princess Dispositions.

Finance Expenses

($ thousands, except per boe)	**Three months ended June 30, 2015**	Three months ended June 30, 2014	**Six months ended June 30, 2015**	Six months ended June 30, 2014
Interest on bank loan	**785**	2,703	**1,638**	5,383
Interest on senior notes	**3,132**	3,132	**6,230**	6,230
Accretion of deferred financing charges	**169**	100	**338**	262
Accretion of the decommissioning obligation	**473**	751	**944**	1,562
Financing expense	**4,559**	6,686	**9,150**	13,437
Average debt level	**200,628**	377,631	**196,944**	363,073
Average drawings on bank loan	**50,628**	227,631	**46,944**	213,073
Effective interest rate on bank loan	**6.2%**	4.7%	**7.0%**	5.0%
Effective interest rate on senior notes	**8.4%**	8.4%	**8.4%**	8.4%
Effective interest rate on long-term debt	**7.8%**	6.1%	**8.1%**	6.5%
Interest on long-term debt per boe	**2.54**	2.40	**2.47**	2.38

Average debt levels decreased in the three and six month periods ended June 30, 2015, compared to the same periods in 2014, as the Company received the proceeds from the Alberta Gas and Princess Dispositions in 2014 combined with the common share issuances discussed below in the *Share Capital* section. The effective interest rate on the Company's bank loan was higher in both the three and six months ended 2015, as compared to the same periods in 2014, due to higher standby fees incurred on the Company's bank facility in 2015 resulting from decreased drawings on the facility. Based on projected average drawings on its bank loan for the remainder of 2015, Crew now forecasts the effective interest rate on its long-term debt to average 7.5% to 8.5% for 2015.

Deferred Income Taxes

For the three months ended June 30, 2015, the provision for deferred taxes was a recovery of $0.7 million compared to an expense of $2.1 million for the same period in 2014. The recovery in 2015 is a result of the net loss experienced during the second quarter of 2015 due to the significantly reduced revenue earned in 2015 compared to 2014. During the second quarter, the Company's effective income tax rate was adjusted to reflect the impact of the Alberta provincial corporate income tax rate increase from 10% to 12%. The result was an increase of approximately $2.3 million of future income tax expense realized during the second quarter of 2015. For the six months ended 2015, the provision was a recovery of $5.0 million compared to a recovery of $41.6 million for the same periods in 2014. The reduced recovery is a result of a reduced pre-tax loss experienced during the first quarter of 2015.

Cash, Funds from Operations and Net Income

($ thousands, except per share amounts)		**Three months ended June 30, 2015**	Three months ended June 30, 2014	**Six months ended June 30, 2015**	Six months ended June 30, 2014
Cash provided by operating activities		**23,013**	43,589	**40,234**	93,927
Funds from operations		**24,769**	47,724	**45,489**	99,534
Per share	- basic	**0.18**	0.39	**0.34**	0.82
	- diluted	**0.18**	0.38	**0.34**	0.81
Net income (loss)		**(13,239)**	3,792	**(29,009)**	(125,901)
Per share	- basic	**(0.09)**	0.03	**(0.22)**	(1.03)
	- diluted	**(0.09)**	0.03	**(0.22)**	(1.03)

The decrease in cash provided by operating activities and funds from operations for the three and six month periods ended June 30, 2015 was a result of reduced operating income from the Alberta Gas and Princess Dispositions in 2014 and lower commodity prices in the first six months of 2015. The decrease in net loss in the six months ended 2015 was a result of impairment charges, net of tax, that impacted the first quarter of 2014.

Capital Expenditures, Property Acquisitions and Dispositions

During the second quarter of 2015, the Company drilled six (5.7 net) natural gas wells. In addition, the Company completed eight (8.0 net) natural gas wells and recompleted 21 (19.3 net) heavy oil wells in the quarter. The Company spent $22.5 million directed to adding infrastructure in northeast British Columbia including the West Septimus facility currently planned for commissioning in the third quarter of 2015. As the Company has an agreement in place to sell 50% of the facility upon commissioning, 50% of the current cost of the facility has been reclassified from property, plant and equipment to assets held for sale within the Company's financial statements as at June 30, 2015.

Total net capital expenditures are detailed below:

($ thousands)	**Three months ended June 30, 2015**	Three months ended June 30, 2014	**Six months ended June 30, 2015**	Six months ended June 30, 2014
Land	**527**	1,410	**1,338**	2,253
Seismic	**240**	495	**5,758**	2,749
Drilling and completions	**29,498**	34,347	**70,490**	86,183
Facilities, equipment and pipelines	**22,542**	13,865	**64,309**	21,994
Other	**1,887**	2,666	**3,891**	5,744
Total exploration and development	**54,694**	52,783	**145,786**	118,923
Property acquisitions (dispositions)	**1,226**	(215,115)	**1,484**	(112,583)
Total	**55,920**	(162,332)	**147,270**	6,340

LIQUIDITY AND CAPITAL RESOURCES

Capital Funding

The Company has a credit facility with a syndicate of lending banks (the "Syndicate") which includes a revolving line of credit of $230 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, 2016. If not extended, the Facility will cease to revolve, the margins thereunder will increase by 0.50 percent and all outstanding balances under the Facility will become repayable in one year from the extension date. The available lending limits of the Facility are reviewed semi-annually and are based on the Syndicate's interpretation of the Company's reserves and future commodity prices. 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. At June 30, 2015, these ratios were 1.8:1 and 0.6:1, respectively. 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, 2015. At June 30, 2015, the Company had drawings of $73.9 million on the Facility and had issued letters of credit totaling $2.9 million.

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.

During the first quarter of 2015, the Company issued 16.7 million common 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 our on-going capital expenditure program is directed to the further growth of reserves and production volumes, Crew is readily able to adjust its budgeted capital expenditures should the need arise.

Working Capital

The capital intensive nature of Crew's activities generally results in the Company carrying a working capital deficit. Working capital deficiency includes accounts receivable and net assets held for sale less accounts payable and accrued liabilities. The Company maintains sufficient unused bank credit lines to satisfy working capital deficiencies. At June 30, 2015, the Company's working capital deficiency totaled $7.0 million which, when combined with the drawings on its bank loan, represented 31% 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.

In September 2014, the Company closed a non-brokered private placement offering of 944,524 common shares at a price of $12.60 per share for gross proceeds of $11.9 million. The shares were issued on a flow-through basis, with an implied premium of $3.0 million. Pursuant to the provisions of the Income Tax Act (Canada), the Company has renounced to the subscribers Canadian Exploration Expenses incurred by the Company after September 26, 2014 and prior to December 31, 2015 totaling $11.9 million. The Company has renounced the Canadian Exploration Expenses such that the full proceeds were deductible against the subscribers' income for the fiscal year ended December 31, 2014. At June 30, 2015, the Company has incurred $7.4 million in qualifying expenditures under this flow-through share offering.

Crew is authorized to issue an unlimited number of common shares. As at August 6, 2015, there were 141,029,049 common shares and options to acquire 4,385,106 common shares of the Company issued and outstanding. In addition, there were 1,138,369 restricted awards and 1,581,609 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 1.0. During periods of increased capital expenditures, acquisitions or low commodity prices, this ratio will increase. As shown below, as at June 30, 2015, the Company's ratio of net debt to annualized funds from operations was 2.29 to 1 (December 31, 2014 – 1.92 to 1). As a result of the recent significant decline in commodity prices, the Company increased its financial flexibility through the issuance of additional equity as discussed above in *Share Capital*. The Company plans to closely monitor commodity prices and, if it is felt necessary to maintain a strong financial position, will continue its strategy of divesting of non-core properties, will adjust its annual capital expenditure program or may consider other forms of financing.

($ thousands, except ratio)	**June 30, 2015**	December 31, 2014
Working capital deficit	**(7,008)**	(57,722)
Bank loan	**(73,871)**	(49,904)
Senior unsecured notes	**(146,448)**	(146,110)
Net debt	**(227,327)**	(253,736)
Second quarter funds from operations	**24,769**	33,035
Annualized	**99,076**	132,140
Net debt to annualized funds from operations ratio	**2.29**	1.92

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	2015	2016	2017	2018	2019	Thereafter
Bank Loan (note 1)	73,871	-	73,871	-	-	-	-
Senior unsecured notes (note 2)	150,000	-	-	-	-	-	150,000
Operating leases	3,872	1,247	2,625	-	-	-	-
Firm transportation agreements	137,940	3,875	25,638	25,980	25,980	25,980	30,487
Firm processing agreements	50,933	6,237	11,743	9,270	8,600	8,319	6,764
Capital commitment	4,542	4,542	-	-	-	-	-
Total	421,158	15,901	113,877	35,250	34,580	34,299	187,251

Note 1 – Based on the existing terms of the Company's bank facility the first possible repayment date may come in 2016. 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 its 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 third party owned gas processing facilities in the Septimus area.

The capital commitment represents the Canadian Exploration Expenses to be incurred and renounced to subscribers of the shares as discussed in *Share Capital* above.

GUIDANCE

In light of the current weak commodity price environment, Crew will continue to make strategic capital investment decisions and prudently allocate capital depending on market factors and project economics. This enables the Company to retain flexibility and more effectively balance Crew's objectives of growth with preservation of balance sheet strength into 2016 and beyond. The Company is maintaining annual production guidance of 20,000 to 22,000 boe per day with a year-end exit forecast of 24,000 to 25,000 boe per day. With the cost savings realized to date in 2015, our forecasted funds from operations using forward strip pricing combined with our budgeted net capital program of $185 million is currently expected to result in a year end net debt level of approximately $250 million.

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)	Jun. 30 2015	Mar. 31 2015	Dec. 31 2014	Sept 30 2014	June 30 2014	Mar. 31 2014	Dec. 31 2013	Sept. 30 2013
Total daily production (boe/d)	17,656	19,035	20,869	20,846	27,200	28,021	28,682	28,016
Exploration and development expenditures	54,694	91,092	81,447	106,405	52,783	66,140	55,996	68,435
Property acquisitions/(dispositions)	1,226	258	1,901	(141,796)	(215,115)	102,532	(1,931)	33,203
Average wellhead price ($/boe)	27.81	23.31	37.65	50.51	50.86	51.69	41.84	45.85
Petroleum and natural gas sales	44,678	39,940	72,295	96,879	125,882	130,368	110,394	118,173
Cash provided by operations	23,013	17,221	37,714	37,566	43,589	50,338	48,850	42,698
Funds from operations	24,769	20,720	33,035	39,023	47,724	51,810	48,128	42,035
Per share – basic	0.18	0.16	0.27	0.32	0.39	0.43	0.40	0.35
– diluted	0.18	0.16	0.27	0.31	0.38	0.42	0.40	0.35
Net income (loss)	(13,239)	(15,770)	(28,424)	(195,389)	3,792	(129,693)	(58,429)	(843)
Per share – basic	(0.09)	(0.12)	(0.23)	(1.60)	0.03	(1.07)	(0.48)	(0.01)
– diluted	(0.09)	(0.12)	(0.23)	(1.60)	0.03	(1.07)	(0.48)	(0.01)

Over the past eight quarters, fluctuations in petroleum and natural gas sales have resulted from volatility in commodity prices as well as variations in production volumes primarily due to significant asset dispositions. Funds from operations are further affected by related royalty impacts as well as realized gains and losses on risk management contracts, while net income is additionally affected by unrealized gains and losses on risk management contracts as well as net impairments on property, plant and equipment and gains and losses on dispositions of assets.

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, 2015 and ended on June 30, 2015 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 6, 2015

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited) (thousands)		**June 30, 2015**		December 31, 2014
Assets				
Current Assets:				
Accounts receivable	**$**	**22,858**	$	35,393
Marketable securities (note 3)		**1,627**		2,052
Derivative financial instruments (note 10)		**16,028**		41,024
Assets held for sale (note 4)		**34,989**		-
		75,502		78,469
Derivative financial instruments (note 10)		**119**		-
Property, plant and equipment (note 5)		**1,219,343**		1,146,596
	$	**1,294,964**	$	1,225,065
Liabilities and Shareholders' Equity				
Current Liabilities:				
Accounts payable and accrued liabilities	**$**	**63,966**	$	93,115
Derivative financial instruments (note 10)		**2,274**		2,222
Liabilities associated with assets held for sale (note 4)		**889**		-
		67,129		95,337
Derivative financial instruments (note 10)		**70**		736
Bank loan (note 6)		**73,871**		49,904
Senior unsecured notes (note 7)		**146,448**		146,110
Decommissioning obligations (note 8)		**88,133**		82,836
Deferred premium on flow-through shares (note 9)		**1,130**		2,402
Deferred tax liability		**52,263**		57,370
Shareholders' Equity				
Share capital		**1,398,371**		1,292,693
Contributed surplus		**71,832**		72,951
Deficit		**(604,283)**		(575,274)
		865,920		790,370
Commitments (note 11)				
	$	**1,294,964**	$	1,225,065

See accompanying notes to the condensed interim consolidated financial statements.

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

(unaudited) (thousands, except per share amounts)	**Three months ended June 30, 2015**	Three months ended June 30, 2014	**Six months ended June 30, 2015**	Six months ended June 30, 2014
Revenue				
Petroleum and natural gas sales	**$ 44,678**	$ 125,882	**$ 84,618**	$ 256,250
Royalties	**(4,250)**	(25,111)	**(7,684)**	(51,914)
Realized gain (loss) on derivative financial instruments (note 10)	**8,995**	(12,029)	**20,322**	(20,774)
Unrealized gain (loss) on derivative financial instruments (note 10)	**(13,620)**	10,514	**(24,263)**	(8,515)
	35,803	99,256	**72,993**	175,047
Expenses				
Operating	**14,148**	26,544	**30,045**	55,166
Transportation	**2,852**	3,749	**6,210**	6,837
General and administrative	**3,568**	4,790	**7,306**	10,150
Share-based compensation	**1,338**	1,964	**4,333**	3,135
Depletion and depreciation	**23,493**	42,306	**49,498**	91,520
	45,399	79,353	**97,392**	166,808
Income (loss) from operations	**(9,596)**	19,903	**(24,399)**	8,239
Financing	**4,559**	6,686	**9,150**	13,437
Unrealized loss (gain) on marketable securities (note 3)	**(226)**	-	**425**	-
Loss on divestiture of property, plant and equipment	**-**	7,316	**-**	8,785
Impairment on property, plant and equipment	**-**	-	**-**	153,539
Income (loss) before income taxes	**(13,929)**	5,901	**(33,974)**	(167,522)
Deferred tax expense (recovery)	**(690)**	2,109	**(4,965)**	(41,621)
Net income (loss) and comprehensive income (loss)	**$ (13,239)**	$ 3,792	**$ (29,009)**	$ (125,901)
Net income (loss) per share (note 9)				
Basic	**$ (0.09)**	$ 0.03	**$ (0.22)**	$ (1.03)
Diluted	**$ (0.09)**	$ 0.03	**$ (0.22)**	$ (1.03)

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, 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**

	Number of shares	Share capital	Contributed surplus	Deficit	Total Shareholders' equity
Balance January 1, 2014	121,635	$ 1,275,910	$ 63,106	$ (225,560)	$ 1,113,456
Net loss for the period	-	-	-	(125,901)	(125,901)
Share-based compensation expensed	-	-	3,135	-	3,135
Share-based compensation capitalized	-	-	2,848	-	2,848
Transfer of share-based compensation on exercise of options	-	1,348	(1,348)	-	-
Issued on exercise of options	424	3,044	-	-	3,044
Issued on vesting of share awards	229	1,619	(1,619)	-	-
Balance June 30, 2014	122,288	$ 1,281,921	$ 66,122	$ (351,461)	$ 996,582

See accompanying notes to the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) (thousands)	**Three months ended June 30, 2015**	Three months ended June 30, 2014	**Six months ended June 30, 2015**	Six months ended June 30, 2014
Cash provided by (used in):				
Operating activities:				
Net income (loss)	**$ (13,239)**	$ 3,792	**$ (29,009)**	$ (125,901)
Adjustments:				
Share-based compensation	**1,338**	1,964	**4,333**	3,135
Financing expenses	**4,559**	6,686	**9,150**	13,437
Interest expense	**(3,917)**	(5,835)	**(7,868)**	(11,613)
Unrealized loss (gain) on marketable securities	**(226)**	-	**425**	-
Unrealized loss (gain) on derivative financial instruments	**13,620**	(10,514)	**24,263**	8,515
Depletion and depreciation	**23,493**	42,306	**49,498**	91,520
Impairment of property, plant and equipment	**-**	-	**-**	153,539
Loss on divestiture of property, plant and equipment	**-**	7,316	**-**	8,785
Deferred tax expense (recovery)	**(690)**	2,109	**(4,965)**	(41,621)
Decommissioning obligations settled	**(330)**	(344)	**(600)**	(451)
Change in non-cash working capital	**(1,595)**	(3,891)	**(4,993)**	(5,418)
	23,013	43,589	**40,234**	93,927
Financing activities:				
Increase (decrease) in bank loan	**39,290**	(202,735)	**23,967**	(99,211)
Proceeds from exercise of options	**157**	2,784	**157**	3,044
Proceeds from issuance of common shares	**-**	-	**100,002**	-
Share issue costs	**(48)**	-	**(5,469)**	-
	39,399	(199,951)	**118,657**	(96,167)
Investing activities:				
Property, plant and equipment expenditures	**(54,694)**	(52,783)	**(145,786)**	(118,923)
Property acquisitions	**(1,226)**	(11,802)	**(1,484)**	(116,292)
Property dispositions	**-**	226,917	**-**	228,875
Change in non-cash working capital	**(6,492)**	(5,970)	**(11,621)**	8,580
	(62,412)	156,362	**(158,891)**	2,240
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, 2015 and 2014

(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 Alberta, British Columbia and Saskatchewan. 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, 2014. 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 6, 2015.

3. Marketable securities:

The Company holds 1,415,094 common shares of a public company trading on the TSX Venture exchange. The shares were valued at $1.45 per common share for a total value of $2.1 million at December 31, 2014. As at June 30, 2015, the fair market value of the marketable securities was $1.15 per common share and as a result an unrealized loss of $0.4 million (June 30, 2014 - nil) was recorded in the Company's financial statements for the six month period then ended.

4. Assets held for sale:

In 2014, the Company entered into an agreement with a third party to construct a gas processing facility in northeast British Columbia. Under the terms of the agreement, Crew was responsible for the initial funding and construction of the facility while the third party was responsible for reimbursing Crew for 50% of the cost of the facility upon commissioning. As of June 30, 2015, the construction of the facility is substantially complete and commissioning is expected to be completed in the third quarter of 2015. As a result, the asset is available for sale in its current condition and the disposal is considered highly probable. No depreciation has been recorded on this asset as of June 30, 2015.

5. Property, plant and equipment:

Cost or deemed cost		Total
Balance, January 1, 2014	$	2,705,206
Additions		306,775
Acquisitions		155,750
Divestitures		(1,335,760)
Change in decommissioning obligations		12,176
Capitalized share-based compensation		6,889
Balance, December 31, 2014	$	1,851,036
Additions		145,786
Transfer to assets held for sale (note 4)		(34,989)
Acquisitions		1,484
Change in decommissioning obligations		5,842
Capitalized share-based compensation		4,122
Balance, June 30, 2015	**$**	**1,973,281**

Accumulated depletion and depreciation		Total
Balance, January 1, 2014	$	927,612
Depletion and depreciation expense		158,835
Divestitures		(615,726)
Impairment (net)		233,719
Balance, December 31, 2014	$	704,440
Depletion and depreciation expense		49,498
Balance, June 30, 2015	**$**	**753,938**

Net book value		Total
Balance, June 30, 2015	**$**	**1,219,343**
Balance, December 31, 2014	$	1,146,596

The calculation of depletion for the three months ended June 30, 2015 included estimated future development costs of $1,234.5 million (December 31, 2014 - $1,295.7 million) associated with the development of the Company's proved plus probable reserves and excludes salvage value of $70.0 million (December 31, 2014 - $67.1 million) and undeveloped land of $216.3 million (December 31, 2014 - $218.1 million) related to future development acreage.

6. Bank loan:

As at June 30, 2015, the Company's bank facility consists of a revolving line of credit of $230 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, 2016. If not extended, the Facility will cease to revolve, the margins thereunder will increase by 0.50 percent and all outstanding advances thereunder will become repayable in one year from the extension date. The available lending limits of the Facility are reviewed semi-annually and are based on the bank syndicate's interpretation of the Company's reserves and future commodity prices. 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, 2015, these ratios were 1.8:1 and 0.6:1, 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, premium on flow-through shares 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, 2015. 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, 2015, 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, 2015, the Company had issued letters of credit totaling $2.9 million (December 31, 2014 - $2.4 million). The effective interest rate on the Company's borrowings under its bank facility for the six months ended June 30, 2015 was 7.0% (December 31, 2014 – 5.4%).

7. 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, 2015, the carrying value of the senior unsecured notes was net of deferred financing costs of $3.6 million (December 31, 2014 - $3.9 million).

8. Decommissioning obligations:

	Six months ended June 30, 2015	Year ended December 31, 2014
Decommissioning obligations, beginning of period	**$ 82,836**	$ 108,118
Obligations incurred	**3,472**	6,134
Obligations acquired	**-**	16,882
Obligations settled	**(600)**	(768)
Obligations divested	**-**	(56,408)
Change in estimated future cash outflows	**2,370**	6,042
Accretion of decommissioning obligations	**944**	2,836
Transferred to liabilities associated with assets held for sale (note 4)	**(889)**	-
Decommissioning obligations, end of period	**$ 88,133**	$ 82,836

The Company's decommissioning obligations result from its ownership interest in oil and natural gas assets including well sites and facilities. The total decommissioning obligation is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities and the estimated timing of the costs to be incurred in future years. The Company has estimated the net present value of the decommissioning obligations to be $88.1 million as at June 30, 2015 (December 31, 2014 - $82.8 million) based on an undiscounted total future liability of $90.9 million (December 31, 2014 - $84.8 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, 2014 – 2%). The discount factor, being the risk-free rate related to the liability, is 2.24% (December 31, 2014 – 2.24%). The $2.4 million (December 31, 2014 - $6.0 million) change in estimated future cash outflows is a result of a change in estimated undiscounted abandonment costs.

9. Share capital:

At June 30, 2015, 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, on a bought deal basis, at a price of $6.00 per share for aggregate gross proceeds of $100 million.

During 2014, the Company closed a non-brokered private placement offering of 944,524 common shares at a price of $12.60 per share for gross proceeds of $11.9 million. The shares were issued on a flow-through basis, with an issuance premium to the common share trading value at the time of issuance of $3.0 million. Pursuant to the provisions of the Income Tax Act (Canada), the Company has renounced to the subscribers Canadian Exploration Expenses incurred by the Company after September 26, 2014 and prior to December 31, 2015 totaling $11.9 million. The Company renounced the Canadian Exploration Expenses such that the full proceeds were deductible against the subscribers' income for the fiscal year ended December 31, 2014. At June 30, 2015, the Company has incurred $7.4 million in qualifying expenditures under this flow-through share offering.

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, 2015	5,206	$ 7.65
Exercised	(28)	$ 5.65
Forfeited	(540)	$ 9.30
Expired	(27)	$ 14.37
Balance at June 30, 2015	**4,611**	**$ 7.43**

The following table summarizes information about the stock options outstanding at June 30, 2015:

Range of exercise prices	Outstanding at June 30, 2015	Weighted average remaining life (years)	Weighted average exercise price	Exercisable at June 30, 2015	Weighted average exercise price
$ 5.16 to $ 7.01	2,214	1.0	$ 5.73	2,112	$ 5.70
$ 7.02 to $ 9.94	1,492	1.7	$ 7.18	971	$ 7.18
$ 9.95 to $14.98	905	0.3	$ 11.98	898	$ 11.99
	4,611	1.1	$ 7.43	3,981	$ 7.48

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

Assumptions	**Three months ended June 30, 2015(1)**	Three months ended, June 30, 2014	**Six months ended June 30, 2015(1)**	Six months ended, June 30, 2014
Risk free interest rate (%)	**-**	-	**-**	1.3
Expected life (years)	**-**	-	**-**	4.0
Expected volatility (%)	**-**	-	**-**	43
Forfeiture rate (%)	**-**	-	**-**	15.6
Weighted average fair value of options	**$ -**	$ -	**$ -**	$ 2.57

(1) The Company is no longer eligible to issue options and as a result, no new options have been granted for the six months ended June 30, 2015.

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. Through the vesting of 254,000 restricted awards and 337,000 performance awards, when taking into account the earned multipliers for performance awards, 905,000 common shares of the Company were issued for the six months ended June 30, 2015. On the vesting dates, the Company has the option of settling the award value in cash or common shares of the Company.

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

	Number of RAs	Number of PAs
Balance January 1, 2015	759	968
Granted	730	1,041
Vested	(254)	(337)
Forfeited	(91)	(89)
Balance at June 30, 2015	**1,144**	**1,583**

Per share amounts:

Per share amounts have been calculated on the weighted average number of shares outstanding. The weighted average shares outstanding for the three month period ended June 30, 2015 was 140,910,000 (2014 – 122,134,000) and for the six month period ended June 30, 2015, the weighted average number of shares outstanding was 134,798,000 (2014 – 121,892,000).

In computing diluted earnings per share for the three months ended June 30, 2015, nil (2014 – 2,070,000) shares were added to the weighted average common shares outstanding to account for the dilution of stock options and restricted and performance awards and for the six months ended June 30, 2015, nil (2014 – nil) shares were added to the weighted average common shares for the dilution. For the three months ended June 30, 2015, there were 4,611,000 (2014 – 7,000) stock options and 2,727,000 (2014 – nil) restricted and performance awards that were not included in the diluted earnings per share calculation because they were anti-dilutive. For the six months ended June 30, 2015, there were 4,611,000 (2014 – 5,678,000) stock options and 2,727,000 (2014 – 1,895,000) restricted and performance awards that were not included in the diluted loss per share calculation because they were anti-dilutive.

10. 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, 2015, the Company held derivative commodity contracts as follows:

Subject of Contract	Notional Quantity	Term	Reference	Strike Price	Option Traded	Fair Value ($000s)
Oil	1,750 bbl/day	July 1, 2015 – December 31, 2015	CDN$ WTI	$102.62	Swap	8,698
Oil	2,000 bbl/day	July 1, 2015 – December 31, 2015	CDN$ WCS – WTI diff	($21.59)	Swap	(2,143)
Gas	37,500 gj/day	July 1, 2015 – December 31, 2015	AECO C Monthly Index	$3.68	Swap	7,211
Oil	250 bbl/day	October 15, 2015 – June 30, 2016	CDN$ WCS – WTI diff	($14.95)	Swap	(61)
Oil	250 bbl/day	January 1, 2016 – June 30, 2016	CDN$ WCS – WTI diff	($14.95)	Swap	(43)
Oil	500 bbl/day	January 1, 2016 – December 31, 2016	CDN$ WTI	$116.50	Call	(96)
Oil	250 bbl/day	January 1, 2016 – December 31, 2016	CDN$ WTI	$78.25	Swap	48
Gas	5,000 gj/day	January 1, 2016 – December 31, 2016	AECO C Monthly Index	$2.98	Swap	189
Total						13,803

As at June 30, 2015, a 10% decrease to the price outlined in the contracts above would result in a $3.7 million after tax increase in net income.

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, including assets held for sale, 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, 2015, the Company's ratio of net debt to annualized funds from operations was 2.29 to 1 (December 31, 2014 – 1.92 to 1). As a result of the recent significant decline in commodity prices, the Company increased its financial flexibility through the issuance of additional equity (Share Capital – note 9). The Company plans to closely monitor commodity prices and, if it is felt necessary to maintain a strong financial position, will continue its strategy of divesting of non-core properties, will adjust its annual capital expenditure program or may consider other forms of financing.

		June 30, 2015		December 31, 2014
Net debt:				
Accounts receivable	**$**	**22,858**	$	35,393
Assets held for sale[(1)]		**34,989**		-
Accounts payable and accrued liabilities		**(63,966)**		(93,115)
Liabilities associated with assets held for sale		**(889)**		-
Working capital deficiency	**$**	**(7,008)**	$	(57,722)
Bank loan		**(73,871)**		(49,904)
Senior unsecured notes		**(146,448)**		(146,110)
Net debt	**$**	**(227,327)**	$	(253,736)
Second Quarter Annualized funds from operations:				
Cash provided by operating activities	**$**	**23,013**	$	37,714
Decommissioning obligations settled		**330**		249
Change in non-cash working capital		**1,595**		(4,773)
Accretion of deferred financing charges		**(169)**		(155)
Second Quarter Funds from operations	**$**	**24,769**	$	33,035
Annualized	**$**	**99,076**	$	132,140
Net debt to annualized funds from operations		**2.29**		1.92

(1) Includes net assets held for sale as discussed in note 4.

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 6).

11. Commitments:

	Total	2015	2016	2017	2018	2019	Thereafter
Operating leases	$ 3,872	$ 1,247	$ 2,625	$ -	$ -	$ -	$ -
Firm transportation agreements	137,940	3,875	25,638	25,980	25,980	25,980	30,487
Firm processing agreement	50,933	6,237	11,743	9,270	8,600	8,319	6,764
Capital commitment	4,542	4,542	-	-	-	-	-
Total	$ 197,287	$ 15,901	$ 40,006	$ 35,250	$ 34,580	$ 34,299	$ 37,251

The operating leases include the Company's contractual obligation to a third party for the remainder of its 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 third party owned gas processing facilities in the Septimus area.

The capital commitment represents the Canadian Exploration Expenses to be incurred and renounced to subscribers of the shares (Share Capital – note 9).

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

crew energy inc.