TSX: CR

Crew Energy Inc. of Calgary, Alberta is pleased to present its financial and operating results for the three month period ended March 31, 2010.

2010 Q1

HIGHLIGHTS

- First quarter funds from operations of $28.2 million represents a 71% increase over the first quarter of 2009;
- Funds from operations per share increased 52% to $0.36 per share over the first quarter of 2009;
- On April 1, 2010, Crew closed a strategic farmout and property disposition reducing corporate debt by $123.3 million to $68.6 million;
- Production averaged 15,001 boe per day in the quarter compared to 14,470 boe in the fourth quarter of 2009 after the sale of 600 boe per day of production in the fourth quarter of 2009;
- Drilled and completed two Septimus, British Columbia liquids rich natural gas wells with test rates after five days of six mmcf per day (1,040 boe per day) and 4.8 mmcf per day (830 boe per day) and drilled and completed two oil wells at Princess, Alberta with initial production rates of 755 boe per day and 508 boe per day;
- Crew expanded its land base at Princess, Alberta to 454 sections of land during the quarter and subsequent to the quarter end has added an additional 44 net sections with over 110 identified drilling locations to bring the total number of drilling locations in the area to in excess of 600 firm drilling locations.

	Three months ended	
FINANCIAL *($ thousands, except per share amounts)*	**Mar. 31, 2010**	Mar. 31, 2009
Petroleum and natural gas sales	**61,772**	46,342
Funds from operations (1)	**28,217**	16,521
Per share – basic	**0.36**	0.23
– diluted	**0.35**	0.23
Net income (loss)	**2,442**	(9,018)
Per share – basic	**0.03**	(0.13)
– diluted	**0.03**	(0.13)
Exploration and development investment	**59,075**	23,678
Property acquisitions (net of dispositions)	**(10,916)**	(10,690)
Net capital expenditures	**48,159**	12,988
CAPITAL STRUCTURE *($ thousands)*	**As at Mar. 31, 2010**	As at Dec. 31, 2009
Working capital deficiency (2)	**38,263**	46,654
Bank loan	**153,601**	135,601
Net debt	**191,864**	182,255
Net property disposition proceeds (closed April 1, 2010) (3)	**(123,268)**	–
Pro-forma net debt	**68,596**	182,255
Current bank facility (4)	**210,000**	250,000
Common Shares Outstanding *(thousands)*	**79,421**	78,152

(1) Funds from operations is calculated as cash provided by operating activities, adding the change in non-cash working capital, asset retirement expenditures and the transportation liability charge. Funds from operations is used to analyze the Company's operating performance and leverage. Funds from operations does not have a standardized measure prescribed by Canadian Generally Accepted Accounting Principles and therefore may not be comparable with the calculations of similar measures for other companies.

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

(3) On April 1, 2010, Crew closed the disposition of oil and gas assets in the Edson area of west central Alberta. Details of the disposition can be found in the Company's March 10, 2010 press release.

(4) Amount as at March 31, 2010 reflects the recently completed annual review and extension of the Company's credit facility including the impact of the Edson disposition.

OPERATIONS	Three months ended Mar. 31, 2010	Three months ended Mar. 31, 2009
Daily production		
Natural gas (mcf/d)	**55,732**	59,539
Oil (bbl/d)	**4,261**	3,714
Natural gas liquids (bbl/d)	**1,451**	1,385
Oil equivalent (boe/d @ 6:1)	**15,001**	15,022
Average prices (1)		
Natural gas ($/mcf)	**5.38**	5.09
Oil ($/bbl)	**72.10**	43.34
Natural gas liquids ($/bbl)	**54.66**	36.02
Oil equivalent ($/boe)	**45.75**	34.28
Operating expenses		
Natural gas ($/mcf)	**1.75**	1.71
Oil ($/bbl)	**13.15**	10.69
Natural gas liquids ($/bbl)	**9.08**	8.60
Oil equivalent ($/boe @ 6:1)	**11.10**	10.21
Netback		
Operating netback ($/boe) (2)	**23.54**	14.58
Realized (gains) losses on financial instruments ($/boe)	**(0.04)**	0.12
G&A ($/boe)	**1.24**	1.13
Interest and other ($/boe)	**1.45**	1.10
Funds from operations ($/boe)	**20.89**	12.23
Drilling Activity		
Gross wells	**22**	7
Working interest wells	**20.2**	1.8
Success rate, net wells	**100%**	92%

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

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

OVERVIEW

Operations for the first quarter were highlighted by the drilling of 22 (20.2 net) wells with 100% success. The Company drilled 14 (14.0 net) oil wells at Princess, Alberta, five (3.2 net) natural gas wells in northeast British Columbia and three (3.0 net) water disposal wells at Princess. Production in the first quarter was equivalent to the same period in 2009 averaging 15,001 boe per day as a result of a reduced 2009 capital program and the sale of 1,270 boe per day of production in 2009. Of the 22 wells drilled in the first quarter, 12 (11.0 net) remain to be placed on production generally as a result of an early spring break up and persistent wet weather in southern Alberta. Production from an additional five oil wells drilled in the fourth quarter of 2009 have been deferred pending future land sales or production infrastructure to accommodate sour oil and gas volumes. The majority of these wells are expected to be on production by the end of the second quarter.

As Crew continues to focus its capital expenditures on oil related investments, the Company's liquids production weighting will continue to increase over the year. Subsequent to the quarter end, Crew's balance sheet was further strengthened with the sale of 7.1 million boe of proved plus probable reserves and 1,700 boe per day of mainly natural gas production for $123.3 million on April 1, 2010. A portion of the proceeds from this disposition will be directed to growth initiatives in the Company's two core areas at Septimus, British Columbia and Princess, Alberta with approximately 70% of the 2010 capital budget currently planned to be directed toward oil projects.

First quarter commodity prices improved over the same period in 2009. Crew's wellhead natural gas price averaged $5.38 per mcf which was six percent higher than the $5.09 per mcf realized in 2009. The Company's oil price was up 66% to $72.10 per bbl over the $43.34 per bbl price achieved in 2009. Crew's natural gas liquids price in the first quarter increased 52% to $54.66 per bbl from $36.02 realized in 2009. The improved commodity prices resulted in a significant increase in the Company's funds from operations to $28.2 million and $0.35 per diluted share compared to $16.5 million and $0.23 per share in the same period of 2009. Increased funds from operations combined with reduced depletion charges and an unrealized gain on the Company's commodity derivative positions resulted in the Company recognizing income of $2.4 million for the quarter compared to a $9.0 million loss in the first quarter of 2009.

Risk Management Activity

Crew has continued to pursue commodity hedges that will protect its capital program and balance sheet against volatile commodity prices. For 2010, the Company currently has contracts for an average of 20.6 mmcf per day of natural gas at an average fixed price of $6.23 per mcf. This represents approximately 41% of the Company's forecasted natural gas production during the second and third quarters of 2010 during which natural gas prices traditionally reach their lowest levels. Crew has also established Canadian dollar WTI oil price swaps and floors on an average of 2,700 bbl per day for 2010. These oil focused financial commodity transactions represent a minimum floor price of approximately CDN $80.50 per bbl.

The Company has now begun layering in commodity contracts to secure cash flow for 2011. To date, natural gas prices for 2011 have not reached levels which the Company has targeted. However, strong forward oil prices for 2011 have resulted in the Company entering into Canadian dollar WTI oil price swaps and floors on an average of 1,750 bbl per day for 2011. These transactions average a minimum floor price of approximately CDN $86.20 per bbl for WTI oil. A detailed list of the Company's derivative positions is included in the first quarter management discussion and analysis.

OPERATIONS UPDATE

Pekisko Play Continues to Expand

During the first quarter, Crew drilled 14 oil wells and three salt water disposal wells at Princess. Of the 14 oil wells drilled in the first quarter, seven were single lateral horizontal wells, three were dual lateral horizontal wells and four were vertically drilled. Ten of the 14 wells are awaiting completion or production start-up. A highlight of the first quarter was the 8-2 well achieving a production rate of 750 bbls of oil per day. Crew drilled three dual lateral horizontal wells in the quarter with initial production rates averaging 312 boe per day per well. Production from five vertical wells drilled in the fourth quarter has been deferred pending further land acquisition and the construction of facilities to accommodate sour oil and gas production from the southern most area of the Company's operations.

Crew has expanded its land base at Princess to 496 sections. The Company now has over 600 drilling locations identified on 102 sections of land at Princess. Continued drilling success will lead to the number of firm locations increasing over an expanded area. Crew has been very successful with its drilling and recompletion program resulting in current production capability of over 5,400 boe per day. Average production rates continue to outperform the type curves with 18 wells having average production rates of 255 boe per day on the 30th day of production, nine wells having average production rates of 150 boe per day on the 180th day of production and four wells having average production rates of 120 boe per day on the 270th day of production. Based on Crew's historic operations, recycle ratios on this play continue to be robust at approximately three times on freehold land and five times on crown land based on 2009 finding and development costs and current pricing.

Crew drilled three (3.0 net) horizontal water disposal wells during the quarter. To date, the Company has drilled four horizontal disposal wells and tested three of the wells with anticipated injection rates to average over 10,000 bbls per day per well with one horizontal disposal well awaiting completion. Once regulatory approvals of these disposal wells are received, the Company expects to see a reduction in area operating costs by as much as 25%. Crew plans to drill an additional five horizontal disposal wells in 2010.

The Company has successfully installed in excess of 30 kilometers of pipeline liners in the area and has initiated several pipeline projects to handle the expected increases in fluid volumes from the Company's expanded drilling program. In the first quarter, Crew initiated a pilot waterflood at Tilley. This pilot project is based on a central injection well injecting approximately 3,500 bbls of water per day surrounded by four producing wells. Preliminary results of this secondary recovery scheme are expected within a year. With current primary recoveries of approximately 13% and waterflood modeling suggesting potential recovery improvements to as much as 30%, we believe there remains the potential to more than double existing recoveries at Tilley. In the first quarter, Crew fracture stimulated two vertical wells with encouraging results. Crew plans to fracture four vertical wells and one horizontal well in the second quarter. If successful, fracture stimulation could significantly expand the Company's prospective acreage at Princess.

Crew recently expanded the 2010 Princess drilling program to 50 wells. With the addition of 54 net sections of Crown land in the first five months of 2010, the Company now plans to again expand the drilling program to 60 to 70 wells and exit 2010 producing over 8,000 boe per day in the area.

Montney Play, Northeast British Columbia

Crew drilled four (3.0 net) gas wells in the Montney formation in the first quarter of 2010. Two (2.0 net) wells were production tested in the Crew operated Septimus gas processing facility at 6.0 mmcf per day at a flowing casing pressure of 1,644 psi and 4.8 mmcf per day at a flowing casing pressure of 1,760 psi after five days of production. Two (1.0 net) additional wells were drilled with one (0.5 net) well being drilled to complete the earning on a five (2.5 net) section farm-in at Monias, British Columbia and one (0.5 net) well was drilled at the Company's Portage exploration block, 50 kilometers west of Septimus. Crew plans to complete both wells immediately following spring breakup. Once Crew's earning has been completed at Portage, the Company will own a 50% working interest in 55 sections of land. Crew has a number of tie-in alternatives that are available to the Company pending successful production testing of the well at Portage.

With the recent asset disposition in west-central Alberta, Crew announced plans to expand the Septimus gas processing facility to 50 mmcf per day from its current capacity of 25 mmcf per day. The expansion is expected to be completed by year end and, upon equalization with the current owner, Aux Sable Canada ("ASC"), Crew will become a 50% owner and will remain operator of the facility. ASC expects to complete the installation of a 20 inch pipeline from the Septimus gas facility to the Alliance pipeline in the third quarter of 2010 which is expected to be capable of transporting over 350 mmcf per day of gas and associated liquids.

Economics on this play continue to be robust as a result of the reduced operating costs and liquids rich gas yield of 24 bbls of ngl per mmcf of natural gas. The current commodity price strip generates a recycle ratio of approximately 2.5 times based on Crew's historic operations using 2009 finding, development and acquisition costs.

Crew now plans on drilling up to ten horizontal Montney wells in northeast British Columbia in 2010 and expects to exit the year producing over 4,500 boe per day from the area.

Cardium play, West Central Alberta

In the Edson-Pine Creek, Alberta area, Crew owns 59 net sections of oil prone Cardium rights. The Company plans to drill two to three Cardium wells at Pine Creek in 2010 where the Company has identified 80 drilling locations. Crew owns pipeline infrastructure and an underutilized gas processing facility in the area to accommodate future production volume growth.

Under the terms of the previously announced Edson Cardium farmout, the third party has the right to earn a 50% interest in the 32 net sections of Crew's Cardium rights at Edson and, assuming the land is earned under the farmout agreement, Crew will own 43.4 net sections of Cardium rights in the greater Edson-Pine Creek area. The geology and reservoir characteristics of the Cardium formation in the Pine Creek area are, in the opinion of Management, similar to areas where horizontal drilling and multi-fracture stimulation completions have proven successful.

Management Appointment

Crew would like to welcome Mr. Noel Cronin, P. Eng to its management team as Vice-President, Production and Operations. Mr. Cronin has over 30 years of oil and gas industry experience and previously held senior management positions at Endev Energy and Petrofund Energy Trust.

Crew would like to acknowledge the contribution of Mr. Kurtis Fischer to the Company with the promotion to Vice-President, Acquisitions and Divestitures. Mr. Fischer has played an integral role in the success of Crew.

OUTLOOK

Natural gas prices continue to be weak as a result of low industrial demand and increased supply from the aggressive development of unconventional gas reserves. Conversely, oil prices have been very strong as a result of an increased global demand for most commodities and renewed confidence in an economic recovery. Crew is in the enviable position to be able to direct capital investments to either oil or gas. In the current environment, it is clear that oil is the preferred commodity for drill bit growth. As such, Crew plans to spend approximately 70% of its 2010 exploration and development capital budget on oil related investments.

Increased Capital Program

The success of the Company's oil program at Princess, Alberta has created a knowledge base and operational momentum that the Company will continue to build upon. This drilling success combined with the financial flexibility provided by the $123.3 million sale of the Edson assets has allowed the Company to increase its 2010 capital budget from $175 million to $225 million. The $50 million increase will be allocated to further resource capture through land acquisitions and oil directed drilling. The additional drilling is not expected to materially change the Company's forecasted exit or average rate as the added wells will be delineation wells at Princess and are scheduled to be drilled late in the fourth quarter and many will require tie-in to planned future facilities. The increased capital program is budgeted to result in net debt at year end of approximately $135 million or approximately 1.1 times trailing funds from operations. Crew expects to average between 15,000 to 15,500 boe per day of production for the year. Exit production is expected to be over 18,000 boe per day with a greater weighting to liquids.

Crew has transformed itself from a conventional reserve based gas weighted Company to a resource based Company with scale, mass and repeatability in one oil and one liquids rich gas play with some of the most attractive economics in North America. The Company has a very active drilling program planned for the rest of 2010 and is very well positioned to continue its growth plans for several years. We look forward to our next update when the Company's second quarter results are released in August.

On behalf of the Board,

Dale Shwed
President and C.E.O.

May 10, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

ADVISORIES

Management's discussion and analysis ("MD&A") is the Company's explanation of its financial performance for the period covered by the financial statements along with an analysis of the Company's financial position. Comments relate to and should be read in conjunction with the unaudited interim consolidated financial statements of the Company for the three month periods ended March 31, 2010 and 2009 and the audited consolidated financial statements and Management Discussion and Analysis for the year ended December 31, 2009. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada and all figures provided herein and in the December 31, 2009 consolidated financial statements are reported in Canadian dollars.

Forward Looking Statements

This MD&A contains forward-looking statements. Management's assessment of future plans and operations, drilling plans and the timing thereof, plans for the tie-in and completion of wells and the timing thereof, capital expenditures, timing of capital expenditures and methods of financing capital expenditures and the ability to fund financial liabilities, production estimates, expected commodity mix and prices and the impact on Crew, future operating costs, future transportation costs, expected royalty rates, general and administrative expenses, interest rates, debt levels, funds from operations and the timing of and impact of adoption of IFRS and other accounting policies 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 ability 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. Included herein is an estimate of Crew's year-end net debt based on assumptions as to cash flow, capital spending in 2010 and the other assumptions utilized in arriving at Crew's 2010 capital budget. To the extent such estimate constitutes a financial outlook, it was approved by management of Crew on May 10, 2010 and such financial outlook is included herein to provide readers with an understanding of estimated capital expenditures and the effect thereof on debt levels and readers are cautioned that the information may not be appropriate for other purposes. Forward looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although Crew believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward looking statements because the Company can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document and other documents filed by the Company, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which Crew operates; the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects which the Company has an interest in to operate the field in a safe, efficient and effective manner; Crew's ability to obtain financing on acceptable terms; field production rates and decline rates; the ability to reduce operating costs; the ability to replace and expand oil and natural gas reserves through acquisition, development or exploration; the timing and costs of pipeline, storage and facility construction and expansion; the ability of the Company to secure adequate product transportation; future petroleum and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Company operates; and Crew's ability to successfully market its petroleum and natural gas products. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the Company's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com) or at the Company's website (www.crewenergy.com). Furthermore, the forward looking statements contained in this document are made as at the date of this document and the Company does not undertake any obligation to update publicly or to revise any of the included forward looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Conversions

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

Throughout this MD&A, Crew has used the 6:1 boe measure which is the approximate energy equivalency of the two commodities at the burner tip. Boe does not represent a value equivalency at the wellhead nor at the plant gate which is where Crew sells its production volumes and therefore may be a misleading measure, particularly if used in isolation.

Non-GAAP Measures

One of the benchmarks Crew uses to evaluate its performance is funds from operations. Funds from operations is a measure not defined in GAAP that is commonly used in the oil and gas industry. It represents cash provided by operating activities before changes in non-cash working capital, asset retirement expenditures and the transportation liability charge. The Company considers it a key measure as it demonstrates the ability of the business 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 GAAP as an indicator of the Company's performance. Crew's determination of funds from operations may not be comparable to that reported by other companies. Crew also presents funds from operations per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of income per share. The following table reconciles Crew's cash provided by operating activities to funds from operations:

	Three months ended	
($ thousands)	**Mar. 31, 2010**	Mar. 31, 2009
Cash provided by operating activities	**32,213**	19,506
Asset retirement expenditures	**576**	101
Transportation liability charge (1)	**328**	328
Change in non-cash working capital	**(4,900)**	(3,414)
Funds from operations	**28,217**	16,521

(1) The amount for the three months ended March 31, 2010 does not include the transportation liability write-down of $344,000 as shown in the transportation costs section.

Management uses certain industry benchmarks such as operating netback to analyze financial and operating performance. This benchmark as presented does not have any standardized meaning prescribed by Canadian GAAP 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 contracts less royalties, operating costs and transportation costs calculated on a boe basis. Management considers operating netback an important measure to evaluate its operational performance as it demonstrates its field level profitability relative to current commodity prices.

RESULTS OF OPERATIONS

Production

	Three months ended							
	March 31, 2010				March 31, 2009			
	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)
Alberta	**4,138**	**805**	**30,881**	**10,090**	3,491	970	40,287	11,175
British Columbia	**123**	**646**	**24,851**	**4,911**	223	415	19,252	3,847
Total	**4,261**	**1,451**	**55,732**	**15,001**	3,714	1,385	59,539	15,022

Natural gas production decreased 6% compared to the prior year's first quarter while oil production increased by 15%. During the latter part of 2009, the Company disposed of approximately 1,270 boe per day of non-core, predominantly natural gas producing properties. These dispositions were partially offset by a successful drilling program that added new natural gas liquids ("ngl") rich natural gas production in the Septimus, British Columbia area and oil production at Killam and Princess, Alberta.

Revenue

	Three months ended	
	Mar. 31, 2010	Mar. 31, 2009
Revenue ($ thousands)		
Natural gas	**26,984**	27,270
Oil	**27,648**	14,485
Natural gas liquids	**7,140**	4,489
Sulphur	**–**	98
Total	**61,772**	46,342
Crew average prices		
Natural gas ($/mcf)	**5.38**	5.09
Oil ($/bbl)	**72.10**	43.34
Natural gas liquids ($/bbl)	**54.66**	36.02
Oil equivalent ($/boe)	**45.75**	34.28
Benchmark pricing		
Natural Gas – AECO C daily index (Cdn $/mcf)	**5.03**	4.99
Oil – Bow River Crude Oil (Cdn $/bbl)	**81.99**	53.46
Oil and ngl – Cdn$ West Texas Intermediate (Cdn $/bbl)	**81.91**	53.69

Crew's first quarter 2010 revenue increased 33% over the first quarter 2009 due to a 33% increase in average commodity prices, as volumes remained relatively consistent.

In the first quarter of 2010, the Company's average natural gas price increased disproportionately as compared to the Company's benchmark natural gas price due to additional sales of higher heat content natural gas produced in the Septimus, British Columbia area. The Company's realized oil price increased 66% while the Bow River Crude benchmark increased 55% primarily due to higher 2010 Bow River Oil pricing combined with the Company receiving a similar fixed price quality differential off of the Bow River price for the Company's oil volumes in the Princess, Alberta area during both periods. The Company's ngl price increased 52% while the benchmark Cdn$ West Texas Intermediate increased 53%.

Royalties

	Three months ended	
($ thousands, except per boe)	**Mar. 31, 2010**	Mar. 31, 2009
Royalties	**13,149**	10,680
Per boe	**$ 9.74**	$ 7.90
Percentage of revenue	**21.3%**	23.0%

Royalties as a percentage of revenue slightly decreased in the quarter compared to the same quarter in 2009. In the first quarter of 2009, the Company incurred a one time charge for additional freehold mineral taxes relating to the assets acquired in the Gentry acquisition, which closed in August 2008, inflating its royalties as a percentage of revenue for 2009. Corporately, Crew continues to forecast an annual royalty rate of 23% to 25% as the Company forecasts an increase in its oil sales in the Princess area which currently attracts a higher overall royalty rate as compared to the Company's natural gas assets.

Financial Instruments

Commodities

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

Management Policy approved by the Board of Directors. In 2010, these contracts had the following impact on the consolidated statement of operations:

	Three months ended	
($ thousands)	**Mar. 31, 2010**	Mar. 31, 2009
Realized gain on financial instruments	**928**	553
Unrealized gain on financial instruments	**8,198**	4,870

As at March 31, 2010, the Company held derivative commodity contracts as follows:

Subject of Contract	Notional Quantity	Term	Reference	Strike Price	Option Traded	Fair Value ($000s)
Natural Gas	2,500 gj/day	November 1, 2009 – December 31, 2010	AECO C Monthly Index	$6.00/gj	Swap	1,491
Natural Gas	5,000 gj/day	January 1, 2010 – December 31, 2010	AECO C Monthly Index	$8.00/gj	Call	(7)
Natural Gas	10,000 gj/day	January 1, 2010 – December 31, 2010	AECO C Monthly Index	$7.75/gj	Call	(15)
Natural Gas	2,500 gj/day	January 1, 2010 – December 31, 2010	AECO C Monthly Index	$6.20/gj	Swap	1,631
Natural Gas	5,000 gj/day	January 1, 2010 – December 31, 2010	AECO C Monthly Index	$6.08/gj	Swap	3,284
Natural Gas	2,500 gj/day	January 1, 2010 – December 31, 2010	AECO C Monthly Index	$5.25/gj	Swap	977
Natural Gas	2,500 gj/day	January 1, 2010 – December 31, 2010	AECO C Monthly Index	$5.55/gj	Swap	1,185
Natural Gas	2,500 gj/day	April 1, 2010 – October 31, 2010	AECO C Monthly Index	$5.30/gj	Swap	915
Natural Gas	5,000 mmbtu/day	January 1, 2010 – December 31, 2010	AECO/NYMEX Basis diff	US$($0.55)	Swap	(351)
Oil	250 bbl/day	January 1, 2010 – December 31, 2010	CDN$ WTI	$78.50/bbl	Swap	(543)
Oil	500 bbl/day	January 1, 2010 – December 31, 2010	CDN$ WTI	$72.00 – $88.00/bbl	Collar	(459)
Oil	250 bbl/day	January 1, 2010 – December 31, 2010	CDN$ WTI	$82.50/bbl	Swap	(265)
Oil	500 bbl/day	January 1, 2010 – December 31, 2010	CDN$ WTI	$80.50/bbl	Swap	(826)
Oil	500 bbl/day	January 1, 2010 – December 31, 2010	US$ WTI	US$81.00/bbl	Swap	(557)
Oil	250 bbl/day	January 1, 2010 – December 31, 2010	CDN$ WTI	$80.00 – $95.02/bbl	Collar	34
Oil	250 bbl/day	March 1, 2010 – December 31, 2010	CDN$ WTI	$84.00/bbl	Swap	(157)
Oil	250 bbl/day	January 1, 2011 – December 31, 2011	CDN$ WTI	$86.00/bbl	Swap	(194)
Total						6,143

Foreign currency

Although all of the Company's petroleum and natural gas sales are conducted in Canada and are denominated in Canadian dollars, Canadian commodity prices are influenced by fluctuations in the Canadian to U.S. dollar exchange rate.

At March 31, 2010, the Company held derivative foreign currency contracts as follows:

Subject of Contract	Notional Quantity	Term	Reference	Strike Price	Option Traded	Fair Value ($000s)
USD / CAD $ exchange	US $2M / Month	January 1, 2010 – December 31, 2010	CAD/USD	1.094	Swap	1,389
Total						1,389

Interest rate

The Company is exposed to interest rate fluctuations on its bank loan which bears a floating rate of interest. As shown below, at March 31, 2010, Crew had contracts in place fixing the rate on $150 million of its bank loan borrowed as banker's acceptances at rates of 1.10% to 1.12%. The Company pays an additional stamping fee and margins on bankers' acceptances as outlined in note 3 of the financial statements.

Subject of Contract	Notional Quantity	Term	Reference	Strike Price	Option Traded	Fair Value ($000s)
BA Rate	$50M / year	February 10, 2009 – February 10, 2011	BA – CDOR	1.10%	Swap	(91)
BA Rate	$50M / year	February 12, 2009 – February 12, 2011	BA – CDOR	1.10%	Swap	(59)
BA Rate	$50M / year	May 28, 2009 – May 28, 2011	BA – CDOR	1.12%	Swap	(18)
Total						(168)

Subsequent to March 31, 2010, the Company entered into the following financial instrument contracts:

Subject of Contract	Volume	Term	Reference	Strike Price (per bbl)	Option Traded
Oil	250 bbl/day	July 1, 2010 – December 31, 2010	CDN$ WTI	$88.10	Swap
Oil	250 bbl/day	July 1, 2010 – December 31, 2010	CDN$ WTI	$91.50	Swap
Oil	250 bbl/day	January 1, 2011 – December 31, 2011	CDN$ WTI	$90.00	Swap
Oil	500 bbl/day	January 1, 2011 – December 31, 2011	CDN$ WTI	$90.20	Swap
Oil	250 bbl/day	January 1, 2011 – December 31, 2011	CDN$ WTI	$82.00 – $94.62	Collar
Oil	250 bbl/day	January 1, 2011 – December 31, 2011	CDN$ WTI	$80.00 – $95.45	Collar
Oil	250 bbl/day	January 1, 2011 – December 31, 2011	CDN$ WTI	$85.00 – $100.50	Collar

Operating Costs

	Three months ended	
($ thousands, except per boe)	**Mar. 31, 2010**	Mar. 31, 2009
Operating costs	**14,986**	13,810
Per boe	**$ 11.10**	$ 10.21

In the first quarter of 2010, the Company's operating costs per unit increased over the same period in 2009 due to the disposition of lower cost production in the latter half of 2009 and the additional oil production from the Company's Princess, Alberta area which currently has high water handling costs causing the area to have higher operating costs per unit than the Company's natural gas production. As the Company has identified a number of cost cutting measures associated with water handling at Princess, the Company continues to forecast total corporate operating costs to decrease from the current level to average in a range between $10.00 and $10.50 per boe for 2010.

Transportation Costs

	Three months ended	
($ thousands, except per boe)	**Mar. 31, 2010**	Mar. 31, 2009
Transportation costs including liability write-down	**2,377**	2,868
Transportation liability write-down	**344**	–
Transportation costs	**2,721**	2,868
Per boe	**$ 2.02**	$ 2.12

In the first quarter of 2010, the Company's transportation costs per unit decreased compared to the same period in 2009 due to an increase in oil production in the Princess, Alberta area which has a lower per unit transportation cost compared to the Company's natural gas transportation costs. Additional ngl trucking costs in the Septimus, British Columbia area and increased unutilized demand charges for transportation and treatment through northeastern British Columbia pipelines and facilities partially offset the decrease in total transportation costs.

In March 2010, the Company permanently assigned, at no cost, a portion of the firm transportation agreements that it had acquired as part of a private company acquisition completed in May 2007 (see note 4 to the financial statements). As a result, a portion of the liability totaling $0.3 million that was associated with the assigned contracts was written off during the quarter as a reduction of the transportation expense. For the remainder of 2010, Crew's transportation costs per unit will decrease as the majority of the unutilized demand charges in northeastern British Columbia have been permanently assigned to third parties. Crew is now forecasting average transportation costs to range between $1.50 and $2.00 per boe for 2010.

Operating Netbacks

	Three months ended							
	March 31, 2010				March 31, 2009			
	Oil ($/bbl)	**Ngl ($/bbl)**	**Nat. gas ($/mcf)**	**Total ($/boe)**	Oil ($/bbl)	Ngl ($/bbl)	Nat. gas ($/mcf)	Total ($/boe)
Revenue	**72.10**	**54.66**	**5.38**	**45.75**	43.34	36.02	5.09	34.28
Realized commodity hedging gain (loss)	**(0.05)**	**–**	**0.18**	**0.65**	–	–	0.13	0.53
Royalties	**(21.05)**	**(13.51)**	**(0.65)**	**(9.74)**	(10.59)	(12.17)	(1.25)	(7.90)
Operating costs	**(13.15)**	**(9.08)**	**(1.75)**	**(11.10)**	(10.69)	(8.60)	(1.71)	(10.21)
Transportation costs	**(0.94)**	**(1.40)**	**(0.43)**	**(2.02)**	(1.57)	(0.01)	(0.44)	(2.12)
Operating netbacks	**36.91**	**30.67**	**2.73**	**23.54**	20.49	15.24	1.82	14.58

General and Administrative Costs

	Three months ended	
($ thousands, except per boe)	**Mar. 31, 2010**	Mar. 31, 2009
Gross costs	**4,172**	3,480
Operator's recoveries	**(832)**	(424)
Capitalized costs	**(1,670)**	(1,528)
General and administrative expenses	**1,670**	1,528
Per boe	**$ 1.24**	$ 1.13

Increased general and administrative costs before recoveries and capitalization were mainly the result of increased staff levels, higher salary levels and increased office rent costs for the Company's expanded office space added in the first quarter of 2010. Net general and administrative costs per boe increased in 2010 compared to the same period in 2009 due to the additional gross costs being partially offset by additional capital recoveries from an increased capital expenditure program in the first quarter of 2010 as compared with the same period in 2009. The Company expects general and administrative expenses to average between $1.00 and $1.15 per boe for the year with higher amounts incurred in the first half of the year due to the payment of annual costs associated with regulatory filings.

Interest

	Three months ended	
($ thousands, except per boe)	**Mar. 31, 2010**	Mar. 31, 2009
Interest expense	**1,957**	1,488
Average debt level	**135,842**	234,298
Effective interest rate	**5.8%**	2.6%
Per boe	**$ 1.45**	$ 1.10

In 2010, despite lower average debt levels, higher effective interest rates increased the Company's interest expense for the period. In June 2009, the Company's banking syndicate increased margins on its bank facility which negatively affected Crew's interest expense and effective interest rate. The Company expects interest rates to be reduced by 0.5% to 0.75% in the second half of 2010 as a result of newly negotiated margins on the Company's bank facility and lower overall debt levels.

Stock-Based Compensation

	Three months ended	
($ thousands)	**Mar. 31, 2010**	Mar. 31, 2009
Gross costs	**2,640**	1,758
Capitalized costs	**(1,320)**	(879)
Total stock-based compensation	**1,320**	879

The Company's stock-based compensation expense has increased in 2010 compared with 2009 due to an increase in options outstanding with a higher fair value due to the Company's increased share price.

Depletion, Depreciation and Accretion

	Three months ended	
($ thousands, except per boe)	**Mar. 31, 2010**	Mar. 31, 2009
Depletion, depreciation and accretion	**32,120**	34,971
Per boe	**$ 23.79**	$ 25.87

Total depletion, depreciation and accretion costs and costs per unit have decreased in the first quarter of 2010 due to low cost reserve additions from a successful drilling program in the Company's Septimus, British Columbia and Princess, Alberta areas.

Future Income Taxes

In the first quarter of 2010, the provision for future income taxes was an expense of $1.0 million compared to a recovery of $5.4 million in the first quarter of 2009. The increase in future taxes was a result of the Company having pre-tax earnings in 2010 compared to a loss in the first quarter of 2009.

Cash and Funds from Operations and Net Income (loss)

	Three months ended	
($ thousands, except per share amounts)	**Mar. 31, 2010**	Mar. 31, 2009
Cash provided by operating activities	**32,213**	19,506
Funds from operations	**28,217**	16,521
Per share – basic	**0.36**	0.23
– diluted	**0.35**	0.23
Net income (loss)	**2,442**	(9,018)
Per share – basic	**0.03**	(0.13)
– diluted	**0.03**	(0.13)

The first quarter 2010 increase in cash provided by operating activities and funds from operations was the result of increased commodity pricing and an increase in higher priced oil production. The first quarter 2010 net income resulted from the higher commodity prices combined with an $8.2 million unrealized gain on financial instruments and lower depletion, depreciation and accretion costs.

Capital Expenditures, Acquisitions and Dispositions

During the first quarter, the Company drilled a total of 22 (20.2 net) wells resulting in five (3.2 net) natural gas wells, 14 (14.0 net) oil wells and three (3.0 net) service wells. In addition, the Company completed 12 (11.3 net) wells and re-completed three (3.0 net) wells in the quarter. In the quarter, the Company continued to add to its inventory of undeveloped land in southern Alberta spending $7.7 million at Alberta land sales. The Company also closed a disposition of non-core undeveloped land with no associated production for $10.0 million in central Alberta. On April 1, 2010, the Company closed the disposition of approximately 1,700 boe per day of production in the Edson, Alberta area for net proceeds of $123.3 million, before adjustments.

Total net capital expenditures for the quarter are detailed below:

	Three months ended	
($ thousands)	**Mar. 31, 2010**	Mar. 31, 2009
Land	**7,717**	3,150
Seismic	**4,931**	1,773
Drilling and completions	**40,329**	5,654
Facilities, equipment and pipelines	**4,280**	11,456
Other	**1,818**	1,645
Total exploration and development	**59,075**	23,678
Property acquisitions (dispositions)	**(10,916)**	(10,690)
Total	**48,159**	12,988

As a result of the disposition that closed on April 1, 2010, the Company has increased its budgeted capital expenditure program to $225 million for 2010.

LIQUIDITY AND CAPITAL RESOURCES

Capital Funding

The Company has completed the extension of its credit facility with a syndicate of banks (the "Syndicate") taking into consideration the sale of the Edson property which closed on April 1, 2010. The credit facility has been amended to include a revolving line of credit of $190 million and an operating line of credit of $20 million (the "Facility"). The Facility revolves for a 364 day period and will be subject to its next 364 day extension by June 13, 2011. If not extended, the Facility will cease to revolve, the margins thereunder will increase by 0.50 percent and all outstanding balances under the Facility will become repayable in one year. The available lending limits of the Facility are reviewed semi-annually and are based on the Syndicate's interpretation of the Company's reserves and future commodity prices. There can be no assurance that the amount of the available Facility will not be adjusted at the next scheduled borrowing base review on or before October 31, 2010. At March 31, 2010, the Company had drawings of $153.6 million on the Facility and had issued letters of credit totaling $2.8 million. On April 1, 2010, following the closing of the Edson disposition, the Company's drawings on the facility were approximately $39.5 million.

During the first quarter of 2010, the Company received proceeds of $11.2 million upon the exercise of 1,269,000 employee stock options.

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

Working Capital

The capital intensive nature of Crew's activities generally results in the Company carrying a working capital deficit. Working capital deficiency includes only accounts receivable less accounts payable and accrued liabilities. The Company maintains sufficient unused bank credit lines to satisfy working capital deficiencies. At March 31, 2010, the Company's working capital deficiency totaled $38.3 million which, when combined with the drawings on its bank line, represented 77% of its bank facility at March 31, 2010. After taking into effect the proceeds from the Edson disposition which closed on April 1, 2010, the Company's working capital deficiency was $28.8 million, which when combined with the drawings on its bank line at that date, represented 33% of its current bank facility.

Share Capital

As at March 31, 2010, Crew had 79,421,368 Common Shares outstanding along with 6,344,900 options to acquire Common Shares of the Company. As at May 10, 2010, Crew had 79,924,268 Common Shares and 5,938,000 options to acquire Common Shares of the Company issued and outstanding.

Capital Structure

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

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

The Company monitors this ratio and endeavours to maintain it at or below 2.0 to 1.0. This ratio may increase at certain times as a result of acquisitions or low commodity prices. As shown below, as at March 31, 2010, the Company's ratio of net debt to annualized funds from operations was 1.70 to 1 (December 31, 2009 – 1.67 to 1). Subsequent to the closing of the Edson sale on April 1, 2010, the pro-forma ratio of net debt to annualized funds from operations was 0.6 to 1.

($ thousands, except ratio)	**Mar. 31, 2010**	Dec. 31, 2009
Accounts receivable	**39,768**	37,574
Accounts payable and accrued liabilities	**(78,031)**	(84,228)
Working capital deficiency	**(38,263)**	(46,654)
Bank loan	**(153,601)**	(135,601)
Net debt	**(191,864)**	(182,255)
Funds from operations	**28,217**	27,256
Annualized	**112,868**	109,024
Net debt to annualized funds from operations ratio	**1.70**	1.67

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	2010	2011	2012	2013	2014	Thereafter
Bank Loan (1)	153,601	–	–	153,601	–	–	–
Operating Leases	4,365	1,307	1,743	1,315	–	–	–
Capital commitments	8,000	4,000	4,000	–	–	–	–
Firm transportation agreements	5,900	2,835	3,065	–	–	–	–
Firm processing agreement	29,507	2,065	3,049	3,049	3,049	3,049	15,246
Total	201,373	10,207	11,857	157,965	3,049	3,049	15,246

(1) Based on the existing terms of the Company's bank facility the first possible repayment date may come in 2012. However, it is expected that the revolving bank facility will be extended and no repayment will be required in the near term.

The firm transportation commitments were acquired as part of the Company's May 2007 private company acquisition and represent firm service commitments for transportation and processing of natural gas in British Columbia. In 2010, the Company permanently assigned approximately $6.2 million of its firm transportation commitments to third parties. The amount shown represents the remaining contractual obligation.

During 2009, Crew entered into the firm processing agreement to process natural gas through a third party owned gas processing facility in the Septimus area of northeast British Columbia. Under the terms of the agreement Crew has committed to process a minimum monthly volume of gas through the facility commencing on December 1, 2009 and continuing through November 30, 2019. The commitment is included in the above table.

The agreement additionally provides Crew the option to participate in an expansion of the facility at a cost of 50% of the total expanded facility construction costs and subsequently become a 50% owner in the facility. If the facility is not expanded prior to January 1, 2013, the current owner of the facility can require Crew to purchase the existing facility for the total construction costs of $19.1 million plus $0.7 million or alter the fees associated with Crew's commitment in order to recover the amount of Crew's full commitment prior to January 1, 2016.

Guidance

Natural gas prices continue to be weak as a result of low industrial demand and increased supply from the continued development of unconventional gas reserves. Oil prices have been very strong as a result of an increased global demand for most commodities and renewed confidence in an economic recovery. Crew is in the unique position to be able to direct capital investments to either oil or gas. In the current environment, it is clear that oil is the preferred commodity for drill bit growth. As such, Crew plans to spend approximately 70% of its 2010 exploration and development capital budget on oil related investments.

The success of the Company's oil program at Princess, Alberta has created a knowledge base and operational momentum that the Company intends to build upon. This drilling success combined with the financial flexibility provided by the $123.3 million sale of the Edson assets has allowed the Company to increase its 2010 capital budget from $175 million to $225 million. The $50 million increase will be allocated to further resource capture through land acquisitions and oil directed drilling. The additional drilling is not expected to materially change the Company's exit or average rate as these wells are scheduled to be drilled late in the fourth quarter and many will require tie-in to planned future facilities. The increased capital program is expected to result in net debt at year end of approximately $135 million or approximately 1.1 times trailing funds from operations. Crew expects to average between 15,000 and 15,500 boe per day of production for the year. Exit production is expected to be over 18,000 boe per day with a greater weighting to liquids.

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)	**Mar. 31 2010**	Dec. 31 2009	Sept. 30 2009	June 30 2009	Mar. 31 2009	Dec. 31 2008	Sept. 30 2008	June 30 2008
Total daily production (boe/d)	**15,001**	14,470	13,065	13,466	15,022	14,869	11,505	9,445
Average wellhead price ($/boe)	**45.75**	43.30	32.04	32.10	34.28	42.99	61.74	70.18
Petroleum and natural gas sales	**61,772**	57,646	38,510	39,331	46,342	58,806	65,345	60,316
Cash provided by operations	**32,213**	16,734	24,902	21,517	19,506	25,700	36,208	31,908
Funds from operations	**28,217**	27,256	19,640	20,036	16,521	29,646	35,004	34,102
Per share – basic	**0.36**	0.35	0.25	0.27	0.23	0.42	0.54	0.60
– diluted	**0.35**	0.35	0.25	0.27	0.23	0.42	0.54	0.58
Net income (loss)	**2,442**	(9,154)	(7,376)	(12,267)	(9,018)	(74,853)	15,178	5,415
Per share – basic	**0.03**	(0.12)	(0.10)	(0.17)	(0.13)	(1.05)	0.24	0.09
– diluted	**0.03**	(0.12)	(0.10)	(0.17)	(0.13)	(1.05)	0.23	0.09

Significant factors and trends that have impacted the Company's results during the above periods include:

- Revenue is directly impacted by the Company's ability to replace existing declining production and add incremental production through its on-going capital expenditure program.
- Production in the second quarter of 2008 and 2009 was negatively impacted by scheduled and unscheduled third party facility shutdowns.
- In August 2008, the Company acquired Gentry Resources Ltd. with approximately 4,000 boe per day of production at closing.
- Revenue and royalties are significantly impacted by underlying commodity prices. The Company utilizes derivative contracts and forward sales contracts to reduce the exposure to commodity price fluctuations. These contracts can cause volatility in net income as a result of unrealized gains and losses on commodity derivative contracts held for risk management purposes.
- Throughout 2008, the Company's operating costs, general and administrative costs and capital expenditures were subject to inflationary pressures brought on by increasing demand for services and supplies within the Canadian oil and gas industry.
- In the fourth quarter of 2008, Crew performed an impairment test on its goodwill and determined that its carrying value exceeded its fair value and therefore an impairment charge of $69.1 million was required.
- In 2009, the Company sold non-core assets with approximately 1,270 boe per day of production for $59.6 million. The major dispositions closed as follows:
  - First quarter 2009 – 130 boe per day for $10.7 million
  - Second quarter 2009 – 540 boe per day for $22.5 million
  - Fourth quarter 2009 – 600 boe per day for $25.3 million
- In the fourth quarter of 2009, the Company completed the construction of its Septimus gas processing facility and subsequently sold it to a third party for its as built cost of $19.1 million.

New Accounting Pronouncements

International Financial Reporting Standards

Effective January 1, 2011, Canadian public companies are required to adopt International Financial Reporting Standards ("IFRS") which will include comparatives for 2010. Crew's financial statements up to and including the December 31, 2010 financial statements will continue to be reported in accordance with Canadian GAAP as it exists on each reporting date. Financial statements for the quarter ended March 31, 2011, including comparative amounts, will be prepared on an IFRS basis.

In order to transition to IFRS, management has established a project team and formed an executive steering committee. A transition plan has been developed to convert the financial statements to IFRS. External advisors have been retained and will assist management with the project on an as needed basis. Staff training programs will continue throughout 2010. The Company continues to assess the effect of the transition on information systems, internal controls over financial reporting and disclosure controls and procedures. The project team and steering committee continue to provide updates to senior management and the Audit Committee. The Company's auditors are involved throughout the process to ensure the Company's policies are in accordance with the new standards.

Analysis of differences between IFRS and Canadian GAAP is continuing. There are significant accounting policy changes anticipated on adoption of IFRS which are described in more detail in the Company's December 31, 2009 MD&A. Management is continuing to finalize its accounting policies and as such is unable to quantify the impact on the financial statements at this time. In addition, anticipated changes to IFRS and International Accounting Standards prior to adoption could cause changes to certain items based on new facts and circumstances.

In accordance with its plan, Crew has updated its accounting and reporting systems in the first quarter of 2010. We are currently assessing the impact of adopting IFRS 1, "First time adoption of IFRS" as it applies to Crew for the Company's IFRS opening balance sheet with consideration to the specific optional exemptions as discussed in our December 31, 2009 MD&A.

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.

Crew'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 generally accepted accounting principles. The Company is required to disclose herein any change in the Company's internal control over financial reporting that occurred during the period beginning on January 1, 2010 and ended on March 31, 2010 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. No material changes in the Company's internal control over financial reporting were identified during such period that have materially affected, or are reasonably likely to materially affect, the Company's internal control 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 May 10, 2010

CONSOLIDATED BALANCE SHEETS

(unaudited) (thousands)	**March 31, 2010**	December 31, 2009
ASSETS		
Current Assets:		
Accounts receivable	**$ 39,768**	$ 37,574
Fair value of financial instruments (note 7)	**7,364**	–
Future income taxes	**–**	542
	47,132	38,116
Property, plant and equipment (note 2)	**943,880**	925,132
	$ 991,012	$ 963,248
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	**$ 78,031**	$ 84,228
Fair value of financial instruments (note 7)	**–**	834
Future income taxes	**1,740**	–
Current portion of other long-term obligations (note 4)	**773**	1,313
	80,544	86,375
Bank loan (note 3)	**153,601**	135,601
Other long-term obligations (note 4)	**–**	132
Asset retirement obligations (note 5)	**35,709**	35,341
Future income taxes	**100,559**	101,519
SHAREHOLDERS' EQUITY		
Share capital (note 6)	**633,348**	617,605
Contributed surplus (note 6(c))	**20,903**	22,769
Deficit	**(33,652)**	(36,094)
	620,599	604,280
Commitments (note 10)		
Subsequent event (note 11)		
	$ 991,012	$ 963,248

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME (LOSS) AND RETAINED EARNINGS (DEFICIT)

(unaudited) (thousands, except per share amounts)	**Three months ended March 31, 2010**	Three months ended March 31, 2009
Revenue		
Petroleum and natural gas sales	**$ 61,772**	$ 46,342
Royalties	**(13,149)**	(10,680)
Realized gain on financial instruments (note 7)	**928**	553
Unrealized gain on financial instruments (note 7)	**8,198**	4,870
	57,749	41,085
Expenses		
Operating	**14,986**	13,810
Transportation (note 4)	**2,377**	2,868
Interest	**1,957**	1,488
General and administrative	**1,670**	1,528
Stock-based compensation (note 6(d))	**1,320**	879
Depletion, depreciation and accretion	**32,120**	34,971
	54,430	55,544
Income (loss) before income taxes	**3,319**	(14,459)
Future income tax expense (reduction)	**877**	(5,441)
Net income (loss) and comprehensive income (loss)	**2,442**	(9,018)
Retained earnings (deficit), beginning of period	**(36,094)**	1,721
Deficit, end of period	**$ (33,652)**	$ (7,297)
Net income (loss) per share (note 6(e))		
Basic	**$ 0.03**	$ (0.13)
Diluted	**$ 0.03**	$ (0.13)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) (thousands)	**Three months ended March 31, 2010**	Three months ended March 31, 2009
Cash provided by (used in):		
Operating activities:		
Net income (loss)	**$ 2,442**	$ (9,018)
Items not involving cash:		
Depletion, depreciation and accretion	**32,120**	34,971
Stock-based compensation	**1,320**	879
Future income tax expense (reduction)	**877**	(5,441)
Unrealized gain on financial instruments	**(8,198)**	(4,870)
Transportation liability charge (note 4)	**(672)**	(328)
Asset retirement expenditures	**(576)**	(101)
Change in non-cash working capital (note 9)	**4,900**	3,414
	32,213	19,506
Financing activities:		
Increase in bank loan	**18,000**	16,062
Issue of common shares	**11,237**	–
	29,237	16,062
Investing activities:		
Exploration and development	**(59,075)**	(23,678)
Property dispositions	**10,916**	10,690
Change in non-cash working capital (note 9)	**(13,291)**	(22,580)
	(61,450)	(35,568)
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 consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2010 and 2009

(Unaudited) (Tabular amounts in thousands)

1. SIGNIFICANT ACCOUNTING POLICIES:

The interim consolidated financial statements of Crew Energy Inc. ("Crew" or the "Company") have been prepared by management in accordance with accounting principles generally accepted in Canada. The interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statements for the year ended December 31, 2009. The disclosure which follows is incremental to the disclosure included with the December 31, 2009 consolidated financial statements. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2009.

Certain comparative amounts have been reclassified to conform to current period presentation.

2. PROPERTY, PLANT AND EQUIPMENT:

March 31, 2010	**Cost**	**Accumulated depletion & depreciation**	**Net book value**
Petroleum and natural gas properties and equipment	**$ 1,352,557**	**$ 408,677**	**$ 943,880**

December 31, 2009	Cost	Accumulated depletion & depreciation	Net book value
Petroleum and natural gas properties and equipment	$ 1,302,399	$ 377,267	$ 925,132

The costs of unproved properties at March 31, 2010 of $158,333,000 (2009 – $168,779,000) was excluded from the depletion calculation. Estimated future development costs associated with the development of the Company's proved reserves of $159,174,000 (2009 – $106,968,000) have been included in the depletion calculation and estimated salvage values of $38,916,000 (2009 – $38,640,000) have been excluded from the depletion calculation.

The following directly attributable general and administrative and stock-based compensation expenses related to exploration and development activities were capitalized:

	Three months ended March 31, 2010	Year ended December 31, 2009
General and administrative expense	**$ 1,670**	$ 5,736
Stock-based compensation expense, including future income taxes	**1,765**	4,442
	$ 3,435	$ 10,178

3. BANK LOAN:

Subsequent to March 31, 2010, the annual renewal of the Company's bank facility was completed taking into consideration the sale of the Edson property which closed on April 1, 2010. After completion of the renewal, the facility consists of a revolving line of credit of $190 million and an operating line of credit of $20 million (the "Facility"). The Facility revolves for a 364 day period and will be subject to its next 364 day extension by June 13, 2011. 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. The available lending limits of the Facility are reviewed semi-annually and are based on the bank syndicate's interpretation of the Company's reserves and future commodity prices. There can be no assurance that the amount of the available Facility will not be adjusted at the next scheduled borrowing base review on or before October 31, 2010.

Advances under the Facility are available by way of prime rate loans with interest rates of between 1.25 percent and 2.75 percent over the bank's prime lending rate and bankers' acceptances and LIBOR loans, which are subject to stamping fees and margins ranging from 2.25 percent to 3.75 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 0.56 percent to 0.94 percent depending upon the debt to EBITDA ratio.

As at March 31, 2010, the Company's applicable pricing included a 2.50 percent margin on prime lending and a 3.50 percent stamping fee and margin on bankers' acceptances and LIBOR loans along with a 0.875 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 March 31, 2010, the Company had issued letters of credit totaling $2.8 million. The effective interest rate on the Company's borrowings under its bank Facility for the three months ended March 31, 2010 was 5.8% (2009 – 2.6%).

4. OTHER LONG-TERM OBLIGATIONS:

As part of the May, 2007 private company acquisition, the Company acquired several firm transportation agreements. These agreements had a fair value at the time of the acquisition of a $4.9 million liability. This amount was accounted for as part of the acquisition cost and will be charged as a reduction to transportation expenses over the life of the contracts as they are incurred. The charge for the three months ended March 31, 2010 was $0.3 million (2009 – $0.3 million).

In March 2010, the Company permanently assigned a portion of the firm transportation agreements to third parties at no cost to Crew. As a result, the remaining liability associated with the assigned contracts was written-off during the quarter as a $0.3 million reduction of transportation expense.

5. ASSET RETIREMENT OBLIGATIONS:

Total future asset retirement obligations were determined by management and were based on Crew's net ownership interest, the estimated future costs to reclaim and abandon the wells and facilities and the estimated timing of when the costs will be incurred. Crew estimated the net present value of its total asset retirement obligation as at March 31, 2010 to be $35,709,000 (December 31, 2009 – $35,341,000) based on a total future liability of $64,725,000 (December 31, 2009 – $64,030,000). These payments are expected to be made over the next 30 years. An 8% to 10% (2009 – 8% to 10%) credit adjusted risk free discount rate and 2% (2009 – 2%) inflation rate were used to calculate the present value of the asset retirement obligation.

The following table reconciles Crew's asset retirement obligations:

	Three months ended March 31, 2010	Year ended December31, 2009
Carrying amount, beginning of period	**$ 35,341**	$ 34,941
Liabilities incurred	**234**	385
Liabilities disposed	**–**	(2,161)
Accretion expense	**710**	2,765
Liabilities settled	**(576)**	(589)
Carrying amount, end of period	**$ 35,709**	$ 35,341

6. SHARE CAPITAL:

(a) Authorized:

Unlimited number of Common Shares

(b) Common Shares issued:

	Number of shares	Amount
Common shares, December 31, 2009	78,152	$ 617,605
Exercise of stock options	1,269	11,237
Stock-based compensation	–	4,506
Common shares, March 31, 2010	79,421	$ 633,348

Contributed Surplus:

	Amount
Contributed surplus, December 31, 2009	$ 22,769
Exercise of stock options	(4,506)
Stock-based compensation	2,640
Contributed surplus, March 31, 2010	$ 20,903

Stock-based compensation:

The Company measures compensation costs associated with stock-based compensation using the fair market value method under which the cost is recognized over the vesting period of the underlying security. The fair value of each stock option is determined at each grant date using the Black-Scholes model with the following weighted average assumptions used for options granted during the three month period ended March 31, 2010: risk free interest rate 2.34% (2009 – 1.55%), expected life 4 years (2009 – 4 years), volatility 61% (2009 – 52%), and an expected dividend of nil (2009 – nil). The Company has not incorporated an estimated forfeiture rate for stock options that will not vest rather the Company accounts for actual forfeitures as they occur.

During the first three months of 2010, the Company recorded $2,640,000 (2009 – $1,758,000) of stock-based compensation expense related to the stock options, of which $1,320,000 (2009 – $879,000) was capitalized in accordance with the Company's full cost accounting policy. As stock-based compensation is non-deductible for income tax purposes, a future income tax liability of $445,000 (2009 – $299,000) associated with the current year's capitalized stock-based compensation has been recorded.

The average fair value of the stock options granted during the three months ended March 31, 2010, as calculated by the Black-Scholes method, was $7.07 per option (2009 – $2.03).

	Number of Options	Price Range	Weighted average exercise price
Balance December 31, 2009	5,751	$2.50 to $18.70	$8.33
Granted	1,862	$13.36 to $14.68	$14.67
Exercised	(1,269)	$2.78 to $12.72	$8.85
Balance March 31, 2010	6,344	$2.78 to $18.70	$10.08
Exercisable	2,111	$3.43 to $18.70	$8.68

(e) 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 March 31, 2010 was 78,649,000 (March 31, 2009 – 71,084,000).

In computing diluted per share amounts for the three month period ended March 31, 2010, 2,082,000 shares (March 31, 2009 – nil) were added to the weighted average number of Common Shares outstanding for the dilution added by the stock options. There were 2,104,000 (March 31, 2009 – 5,934,000) stock options that were not included in the diluted earnings per share calculation because they were anti-dilutive.

7. FINANCIAL INSTRUMENTS:

Overview

The Company has exposure to credit, liquidity and market risks from its use of financial instruments. This note provides information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

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

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from petroleum and natural gas marketers and joint venture partners and the fair value of derivative instruments.

The carrying amount of accounts receivable and derivative assets, when outstanding, represents the maximum credit exposure. As at March 31, 2010 the Company's receivables consisted of $19.9 (2009 – $17.2) million of receivables from petroleum and natural gas marketers which has subsequently been collected, $9.1 (2009 – $9.2) million from joint venture partners of which $1.4 million has been subsequently collected, and $10.8 (2009 – $11.2) million of Crown deposits, prepaids and other accounts receivable. The Company does not consider any receivables to be past due.

(b) Liquidity risk:

Accounts payable and financial instruments have contractual maturities of less than one year. The Company maintains a revolving credit facility, as outlined in note 3, that is subject to renewal annually by the lenders and has a contractual maturity in 2012. The Company also maintains and monitors a certain level of cash flow which is used to partially finance all operating and capital expenditures as the Company does not pay dividends.

(c) Market risk:

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

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

(i) Commodity price risk

The Company has attempted to mitigate a portion of the commodity price risk through the use of various financial derivative and physical delivery sales contracts as outlined below. The Company's policy is to enter into commodity price contracts when considered appropriate to a maximum of 50% of forecasted production volumes for a period of not more than two years.

Derivatives are recorded on the balance sheet at fair value at each reporting period with the change in fair value being recognized as an unrealized gain or loss on the consolidated statement of operations.

(ii) Foreign currency exchange rate risk

The Company has attempted to mitigate a portion of its foreign exchange fluctuation risk through the use of financial derivatives as outlined below.

(iii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate fluctuations on its bank loan which bears a floating rate of interest. For the three months ended March 31, 2010, a 1.0 percent change to the effective interest rate would have a $0.5 million impact on net income(2009 – $0.4 million).

The Company has attempted to mitigate the impact of future fluctuations in interest rates on its outstanding debt by entering into contracts fixing the base interest rate on $150 million of banker's acceptance borrowings as outlined below. These rates are, under the Company's bank Facility, subject to an additional stamping fee of 3.50 percent as of March 31, 2010.

The Company's contracts in place as of March 31, 2010 are as follows:

Subject of Contract	Notional Quantity	Term	Reference	Strike Price	Option Traded	Fair Value ($000s)
Natural Gas	2,500 gj/day	November 1, 2009 – December 31, 2010	AECO C Monthly Index	$6.00	Swap	1,491
Natural Gas	5,000 gj/day	January 1, 2010 – December 31, 2010	AECO C Monthly Index less $0.09	$8.00	Call	(7)
Natural Gas	10,000 gj/day	January 1, 2010 – December 31, 2010	AECO C Monthly Index	$7.75	Call	(15)
Natural Gas	2,500 gj/day	January 1, 2010 – December 31, 2010	AECO C Monthly Index	$6.20	Swap	1,631
Natural Gas	5,000 gj/day	January 1, 2010 – December 31, 2010	AECO C Monthly Index	$6.08	Swap	3,284
Natural Gas	2,500 gj/day	January 1, 2010 – December 31, 2010	AECO C Monthly Index	$5.25	Swap	977
Natural Gas	2,500 gj/day	January 1, 2010 – December 31, 2010	AECO C Monthly Index	$5.55	Swap	1,185
Natural Gas	2,500 gj/day	April 1, 2010 – October 31, 2010	AECO C Monthly Index	$5.30	Swap	915
Natural Gas	5,000 mmbtu/ day	January 1, 2010 – December 31, 2010	AECO/NYMEX Basis diff	US$(0.55)	Swap	(351)
Oil	250 bbl/day	January 1, 2010 – December 31, 2010	CDN$ WTI	$78.50	Swap	(543)
Oil	500 bbl/day	January 1, 2010 – December 31, 2010	CDN$ WTI	$72.00 – $88.00	Collar	(459)
Oil	250 bbl/day	January 1, 2010 – December 31, 2010	CDN$ WTI	$82.50	Swap	(265)
Oil	500 bbl/day	January 1, 2010 – December 31, 2010	CDN$ WTI	$80.50	Swap	(826)
Oil	500 bbl/day	January 1, 2010 – December 31, 2010	US$ WTI	US$81.00	Swap	(557)
Oil	250 bbl/day	January 1, 2010 – December 31, 2010	CDN$ WTI	$80.00– $95.02	Collar	34
Oil	250 bbl/day	March 1, 2010 – December 31, 2010	CDN$ WTI	$84.00	Swap	(157)
Oil	250 bbl/day	January 1, 2011 – December 31, 2011	CDN$ WTI	$86.00	Swap	(194)
Total commodity contracts						6,143

Subject of Contract	Notional Quantity	Term	Reference	Strike Price	Option Traded	Fair Value ($000s)
USD / CAD $ exchange	US $2M / Month	January 1, 2010 – December 31, 2010	CAD/USD	1.094	Swap	1,389
Total foreign exchange contracts						1,389

Subject of Contract	Notional Quantity	Term	Reference	Strike Price	Option Traded	Fair Value ($000s)
BA Rate	$50M / year	February 10, 2009 – February 10, 2011	BA – CDOR	1.10%	Swap	(91)
BA Rate	$50M / year	February 12, 2009 – February 12, 2011	BA – CDOR	1.10%	Swap	(59)
BA Rate	$50M / year	May 28, 2009 – May 28, 2011	BA – CDOR	1.12%	Swap	(18)
Total interest rate contracts						(168)
Total financial instruments						**7,364**

As at March 31, 2010, a $0.10 change to the price per thousand cubic feet of natural gas on the contracts outlined above would have a $0.2 million impact on net income.

As at March 31, 2010, a $1.00 per barrel change to the price on the oil contracts outlined above would have a $0.2 million impact on net income.

As at March 31, 2010, a $0.01 change to the exchange rate on the foreign exchange contracts outlined above would have a $0.2 million impact on net income.

As at March 31, 2010, a 0.1% change to the interest rate on the interest rate contracts outlined above would have a $0.1 million impact on net income.

Subsequent to March 31, 2010, the Company entered into the following financial derivative contracts:

Subject of Contract	Notional Quantity	Term	Reference	Strike Price	Option Traded
Oil	250 bbl/day	July 1, 2010 – December 31, 2010	CDN$ WTI	$88.10	Swap
Oil	250 bbl/day	July 1, 2010 – December 31, 2010	CDN$ WTI	$91.50	Swap
Oil	250 bbl/day	January 1, 2011 – December 31, 2011	CDN$ WTI	$90.00	Swap
Oil	500 bbl/day	January 1, 2011 – December 31, 2011	CDN$ WTI	$90.20	Swap
Oil	250 bbl/day	January 1, 2011 – December 31, 2011	CDN$ WTI	$82.00 – $94.62	Collar
Oil	250 bbl/day	January 1, 2011 – December 31, 2011	CDN$ WTI	$80.00 – $95.45	Collar
Oil	250 bbl/day	January 1, 2011 – December 31, 2011	CDN$ WTI	$85.00 – $100.50	Collar

Fair value of financial instruments

The Company's financial instruments as at March 31, 2010 and 2009 include accounts receivable, derivative contracts, accounts payable and accrued liabilities, and bank debt. The fair value of accounts receivable and accounts payable and accrued liabilities approximate their carrying amounts due to their short-terms to maturity.

The fair value of derivative contracts is determined by discounting the difference between the contracted price and published forward price curves as at the balance sheet date, using the remaining contracted notional volumes.

Bank debt bears interest at a floating market rate and accordingly the fair market value approximates the carrying value.

8. CAPITAL MANAGEMENT:

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

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

The Company monitors this ratio and endeavours to maintain it at or below 2.0 to 1.0 in a normalized commodity price environment. This ratio may increase at certain times as a result of acquisitions or low commodity prices. As shown below, as at March 31, 2010, the Company's ratio of net debt to annualized funds from operations was 1.70 to 1 (December 31, 2009 – 1.67 to 1).

	March 31, 2010	December 31, 2009
Net debt:		
Accounts receivable	$ 39,768	$ 37,574
Accounts payable and accrued liabilities	(78,031)	(84,228)
Working capital deficiency	$ (38,263)	$ (46,654)
Bank loan	(153,601)	(135,601)
Net debt	$ (191,864)	$ (182,255)
Annualized funds from operations:		
Cash provided by operating activities	$ 32,213	$ 16,734
Asset retirement expenditures	576	111
Transportation liability charge	328	329
Change in non-cash working capital	(4,900)	10,082
Funds from operations	28,217	27,256
Annualized	$ 112,868	$ 109,024
Net debt to annualized funds from operations	1.70	1.67

The Company has commodity, interest rate and foreign exchange hedging for 2010 and 2011 to provide support for its funds from operations and assist in funding its capital expenditure program. In addition, on April 1, 2010, the Company closed an agreement to dispose of oil and gas assets in the Edson area of west central Alberta for gross proceeds of $126 million, before closing adjustments.

There has been no change in the Company's approach to capital management during the period ended March 31, 2010.

9. SUPPLEMENTAL CASH FLOW INFORMATION:

	Three months ended	
	March 31, 2010	March 31, 2009
Changes in non-cash working capital:		
Accounts receivable	$ (2,194)	$ 10,947
Accounts payable and accrued liabilities	(6,197)	(30,113)
	$ (8,391)	$ (19,166)
Operating activities	$ 4,900	$ 3,414
Investing activities	(13,291)	(22,580)
	$ (8,391)	$ (19,166)

The Company made the following cash outlays in respect of interest expense:

	Three months ended	
	March 31, 2010	March 31, 2009
Interest	$ 1,090	$ 1,731

10. COMMITMENTS:

The Company has the following fixed term commitments related to its on-going business:

	Total	2010	2011	2012	2013	2014	Thereafter
Operating Leases	$ 4,365	$ 1,307	$ 1,743	$ 1,315	–	–	–
Capital commitments	8,000	4,000	4,000	–	–	–	–
Transportation agreements	5,900	2,835	3,065	–	–	–	–
Processing agreement	29,507	2,065	3,049	3,049	3,049	3,049	15,246
Total	$ 47,772	$ 10,207	$ 11,857	$ 4,364	$ 3,049	$ 3,049	$ 15,246

The firm transportation commitments were acquired as part of the Company's May 2007 private company acquisition and represent firm service commitments for transportation and processing of natural gas in British Columbia. In 2010, the Company permanently assigned approximately $6.2 million of its firm commitments to third parties. The amount shown represents the remaining contractual obligations.

During 2009, Crew entered into an agreement to process natural gas through a third party owned gas processing facility in the Septimus area of northeast British Columbia. Under the terms of the agreement, Crew has committed to process a minimum monthly volume of gas through the facility commencing on December 1, 2009 and continuing through November 30, 2019. The commitment is included in the above table.

The agreement additionally provides Crew the option to participate in an expansion of the facility at a cost of 50% of the total expanded facility construction costs and subsequently become a 50% owner in the facility. If the facility is not expanded prior to January 1, 2013, the current owner of the facility can require Crew to purchase the existing facility for the total construction costs of $19.1 million plus $0.7 million or alter the fees associated with Crew's commitment in order to recover the amount of Crew's full commitment prior to January 1, 2016.

11. SUBSEQUENT EVENT:

On April 1, 2010, the Company closed the disposition of oil and gas assets in the Edson, Alberta area for gross proceeds of $126 million, before closing adjustments. The Company received a $9.5 million deposit in March 2010 for this sale which has been included in accounts payable as it was refundable until closing.

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" 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; anticipated disposal rates on water disposal wells; future oil and natural gas prices and Crew's commodity risk management programs; future liquidity and financial capacity; future results from operations and operating metrics; anticipated reductions in operating costs; future costs, expenses and royalty rates; future interest costs; the exchange rate between the $US and $Cdn; future development, exploration, acquisition and development activities and related capital expenditures and the timing thereof; the number of wells to be drilled, completed and tied-in and the timing thereof; the amount and timing of capital projects; the anticipated recoveries from Crew's waterflood program at Tilley; planned expansion of the Septimus gas processing facility; ASC completion of the Septimus pipeline and delivery capability thereof; operating costs; the total future capital associated with development of reserves and resources; and forecast reductions in operating expenses.

Forward-looking statements or information are based on a number of material factors, expectations or assumptions of Crew which have been used to develop such statements and information but which may prove to be incorrect. Although Crew believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because Crew can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which Crew operates; the timely receipt of any required regulatory approvals; the ability of Crew to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects in which Crew has an interest in to operate the field in a safe, efficient and effective manner; the ability of Crew to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration; the timing and cost of pipeline, storage and facility construction and expansion and the ability of Crew to secure adequate product transportation; future commodity prices; currency, exchange and interest rates; regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Crew operates; and the ability of Crew to successfully market its oil and natural gas products. Included herein is an estimate of Crew's year-end net debt based on assumptions as to cash flow, capital spending in 2010 and the other assumptions utilized in arriving at Crew's 2010 capital budget. To the extent such estimate constitutes a financial outlook, it was approved by management of Crew on May 10, 2010 and such financial outlook is included herein to provide readers with an understanding of estimated capital expenditures and the effect thereof on debt levels and readers are cautioned that the information may not be appropriate for other purposes.

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

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

BOE equivalent

Barrel of oil equivalents or BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

CORPORATE INFORMATION

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BANKERS

Toronto-Dominion Bank

Canadian Imperial Bank of Commerce

Union Bank

Bank of Montreal

Bank of Nova Scotia

LEGAL COUNSEL

Burnet, Duckworth & Palmer LLP

RESERVE ENGINEERS

GLJ Petroleum Consultants

TRANSFER AGENT

Valiant Trust Company

EXCHANGE LISTING

Toronto Stock Exchange
Stock Symbol: **CR**

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Independent Director

Jeffery E. Errico
Independent Director

Dennis L. Nerland
Independent Director

Dale O. Shwed
President, Crew Energy Inc.

David G. Smith
Independent Director

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Vice President, Finance
and Controller

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

ABBREVIATIONS

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

crew energy inc.