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CREW ENERGY INC. OF CALGARY, ALBERTA IS PLEASED TO PRESENT ITS FINANCIAL AND OPERATING RESULTS FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2006.

Highlights

- Third quarter production averaged 5,768 boepd, an increase of 41% over the third quarter of 2005 and a 14% increase over the second quarter of 2006;
- Increased production per share by 27% over the third quarter of 2005 and 11% over the second quarter of 2006;
- Funds from operations of $14.2 million in the third quarter were 34% higher than the second quarter of 2006 and 29% higher on a diluted share basis at $0.41 per share;
- Maintained a strong balance sheet with net debt of $38.0 million at the end of the quarter on a borrowing facility of $90 million;
- Low operating costs of $5.22/boe, general and administrative costs of $0.70/boe and interest costs of $0.82/boe led to a funds from operations netback of $26.83/boe;
- Closed $40 million bought deal financing by issuing 1,666,800 common shares and 759,500 flow through shares.

FINANCE ($ thousands, except per share amounts)	**Three months ended Sept. 30, 2006**	Three months ended Sept. 30, 2005	% Chg	**Nine months ended Sept. 30, 2006**	Nine months ended Sept. 30, 2005	% Chg
Petroleum and natural gas sales	**22,267**	22,304	–	**66,223**	57,012	16
Funds from operations (note 1)	**14,245**	15,423	(8)	**39,953**	38,407	4
Per share - basic	**0.41**	0.56	(27)	**1.19**	1.42	(16)
- diluted	**0.40**	0.48	(17)	**1.16**	1.21	(4)
Net income	**1,633**	6,328	(74)	**8,980**	15,895	(43)
Per share - basic	**0.05**	0.23	(78)	**0.27**	0.59	(54)
- diluted	**0.05**	0.20	(75)	**0.26**	0.50	(48)
Exploration and development expenditures	**38,914**	28,423	37	**93,529**	60,276	55
Acquisitions (net of dispositions)	–	–	N/A	**15,929**	–	N/A
Total capital expenditures	**38,914**	28,423	37	**109,458**	60,276	82
Working capital deficiency (excl. bank loan)				**15,206**	12,132	25
Bank loan				**22,810**	7,441	207
Net debt				**38,016**	19,573	94
Weighted average shares (thousands)						
Basic	**34,537**	27,492	26	**33,714**	27,019	25
Diluted	**35,238**	31,763	11	**34,493**	31,716	9

Notes:

(1) Funds from operations is calculated as cash provided by operating activities from the statement of cash flows, adding change in non-cash working capital and asset retirement expenditures. 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.

OPERATIONS	Three months ended Sept 30, 2006	Three months ended Sept 30, 2005	% Chg	Nine months ended Sept 30, 2006	Nine months ended Sept 30, 2005	% Chg
Daily production						
Light oil and ngl (bbl/d)	**983**	714	38	**814**	832	(2)
Natural gas (mcf/d)	**28,710**	20,272	42	**28,209**	19,295	46
Oil equivalent (boe/d @ 6:1)	**5,768**	4,093	41	**5,516**	4,048	36
Per million diluted shares	**164**	129	27	**160**	128	25
Average prices (note 1)						
Light oil and ngl ($/bbl)	**70.64**	65.70	8	**65.99**	59.60	11
Natural gas ($/mcf)	**6.01**	9.65	(38)	**6.69**	8.25	(19)
Oil equivalent ($/boe)	**41.96**	59.23	(29)	**43.98**	51.59	(15)
Operating expenses						
Light oil and ngl ($/bbl)	**4.32**	6.25	(31)	**5.03**	4.69	7
Natural gas ($/mcf)	**0.90**	0.72	25	**0.88**	0.68	29
Oil equivalent ($/boe)	**5.22**	4.65	12	**5.22**	4.21	24
Operating netback ($/boe) (note 2)	**28.35**	42.24	(33)	**28.15**	36.00	(22)
G&A ($/boe)	**0.70**	0.87	(20)	**0.84**	0.93	(10)
Interest and other ($/boe)	**0.82**	0.41	100	**0.77**	0.32	141
Funds from operations netback ($/boe) (note 2)	**26.83**	40.96	(34)	**26.54**	34.75	(24)
Drilling Activity						
Gross wells	**15**	15	–	**42**	28	54
Working interest wells	**13.3**	15.0	(11)	**36.2**	24.8	49
Success rate, net wells (%)	**87**	80		**93**	88	

Notes:

(1) Average prices are before deduction of transportation costs.

(2) Operating netback equals total revenue less royalties, transportation and operating 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.

OPERATIONS UPDATE

Edson, Alberta

Crew drilled four (4.0 net) wells in the greater Edson area in the third quarter resulting in three (3.0 net) gas wells and one (1.0 net) oil well for a 100% success rate. Two of the wells are on production with the remaining two expected to be tied in and on production by year end. The Company has been expanding its land position at Edson in proximity to the 90 mmcf per day gas facility and pipeline infrastructure that it purchased an interest in during the first quarter of 2006. Drilling on these lands is expected to start in 2007 in order to further expand the Company's production through this facility.

Ferrier, Alberta

In the third quarter, Crew drilled two (2.0 net) wells in the Ferrier area of west central Alberta resulting in one (1.0 net) gas well and one (1.0 net) oil well. The gas well is currently producing 102 boe per day and the oil well is expected to be on production by mid-November. The Company has plans to drill one (1.0 net) additional well in the area before year end. Recent drilling has resulted in the discovery of a new Cardium Formation trend on Crew lands upon which an additional three to four wells may be drilled in 2007.

Viking-Kinsella, Alberta

Crew drilled four (4.0 net) wells in the Viking-Kinsella area of east central Alberta in the third quarter. This drilling resulted in the casing of all four wells for gas production which are now all on production. The Company plans to drill eight (7.5 net) wells at Viking-Kinsella in the fourth quarter and continues to develop prospects and purchase land in this core area.

Wimborne/Drumheller, Alberta

Crew drilled one (0.5 net) well in this area in the third quarter. This well has tested at 320 (160 net) boe per day and is expected to be on production in the fourth quarter. The Company continues to evaluate its land in the area and has plans to drill two (1.5 net) wells in the fourth quarter in search of conventional natural gas targets. Crew owns and operates two gas processing facilities and associated infrastructure in these areas to accommodate additional production volumes. Additionally, Crew has an inventory of 112 drilling locations concentrated in the Wimborne area targeting coal bed methane production from the Horseshoe Canyon Formation.

Laprise/Inga, British Columbia

Crew drilled two wells in these areas in the third quarter. A 3,200 meter exploration test at Laprise encountered tight reservoir rock in the Slave Point formation and was cased for production from an uphole zone. An oil well drilled at Inga in the third quarter is expected to be on production in November at approximately 50 barrels of oil per day. Once a production history is established, Crew will evaluate the potential for further development of this new oil discovery.

EXPLORATION

The following projects are part of the Crew's continued efforts to expand its core areas and expose the Company to higher impact, large reserve potential opportunities:

At Hanlan, Alberta, Crew (WI - pay 70% to earn 50%) has drilled a 4,200 meter test targeting the Nisku formation. The well has been cased for production from the Nisku and is currently in the process of being completed. Once the well has been tested and evaluated, Crew has the option to drill up to two additional wells to earn interests in four additional sections on this play.

At Brewster, Alberta, the Company (WI - pay 50% to earn 35%) drilled an unsuccessful well targeting gas/condensate from the Viking formation. The Company has an interest in over 24 sections of land which remains prospective for Cardium, Viking and Lower Mannville reservoirs.

At Kakwa, Alberta, Crew (WI – 25%) drilled a 3,200 meter test that has been cased for production. The well has three prospective zones which are expected to be completed in November. Once the well has been completed and further evaluated, Crew and its partners will determine if additional drilling is warranted on this prospect.

At Ferrier, Alberta, Crew (WI – 100%) cased a 2,900 meter test targeting gas/condensate from the Ellerslie formation. On completion of the well it was discovered that the casing had been severely damaged and the prospective zone could not be completed. The well also encountered a thick Cardium pay zone that has been completed and flowed at rates of approximately 300 mcf per day of natural gas and 70 to 80 bbl per day of oil. The Company plans to drill another well in the section targeting production from the Lower Mannville before the end of the first quarter of 2007.

At Pine Creek, Alberta, Crew (WI – 100%) has three exploration wells to drill immediately north of the Company's Edson core area and in proximity to infrastructure connected to a Company owned gas processing facility. The first well in this program will proceed in the first quarter of 2007

At Carrot Creek, Alberta, Crew (WI – 100%) owns four sections of land upon which the Company plans to drill its first exploratory well in the first quarter of 2007 targeting gas/condensate from Jurassic age sandstone reservoirs.

At Medicine River, Alberta, Crew (WI – 100%) plans to drill a 3,200 meter test adjacent to its Ferrier core area targeting light oil from the Leduc formation.

At Lucky, Alberta, Crew (WI - 100%) plans on drilling two wells targeting natural gas from a multiple of zones defined on three-dimensional seismic.

OUTLOOK

Our industry has experienced unprecedented events over the last 18 months. Commodity prices have climbed to all time highs, only to be followed by a dramatic decline in natural gas prices. During this period costs rose in step with commodity prices but have not declined to match the decline in natural gas prices over the past nine months. This disconnect has made projects in many natural gas exploration and development areas less economic and in some cases uneconomic. Crew has evaluated its investment economics in all of its core areas of operation and based on targeted rates of return has concluded that the Company will focus its efforts on conventional shallow gas drilling at Viking-Kinsella and Plain Lake, Alberta and the multi-zone high deliverability natural gas drilling at Ferrier, Alberta and Inga, British Columbia. Crew intends to continue to evaluate and drill exploration wells in search of new core areas that meet our economic criteria.

Crew has evaluated over 14 acquisition opportunities and has to date found one that has fit our investment criteria. On October 18, 2006 Crew announced an agreement to make an offer to acquire all of the shares of a private exploration and development company by issuing 5.33 million shares and assuming its estimated $3.1 million in net debt. Besides the operating synergies at Ferrier, this proposed acquisition would further reduce the Company's debt to forward funds from operations ratio while adding an expected 1,100 boe per day of production and 3.4 million boe of reserves. Closing of this acquisition is subject to certain conditions, including 90% of the private company's shareholders tendering to the offer, and is presently scheduled for mid-November 2006. Crew continues to evaluate other acquisition opportunities as part of its business plan.

With the addition of the private company's acquired volumes and assuming a majority of the current 1,540 boe per day of behind pipe volumes are brought on production, Crew expects to exit 2006 at between 8,100 and 8,500 boe per day. Crew is currently estimating capital expenditures for 2006, exclusive of the private company acquisition, to total approximately $130 million. The Company's Board of Directors will meet in December to finalize and approve the 2007 operating and capital budget.

Crew's large undeveloped land base, high quality prospect inventory and strong balance sheet places the Company in an advantageous position to selectively expand capital programs or make strategic acquisitions in a lower gas price environment. Our staff is motivated and excited about the Company's ability to take advantage of these uncertain times. Crew views this period as one of great opportunity and we look forward to reporting on the progress made in our business plan in our fourth quarter report.

On behalf of the Board,

Dale Shwed
President and C.E.O.

November 8, 2006

Management's Discussion and Analysis

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 consolidated financial statements of the Company for the three and nine months ended September 30, 2006 and 2005 and the audited consolidated financial statements and MD&A for the year ended December 31, 2005. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada.

Crew evaluates performance based on net income and funds from operations. Funds from operations is a measure not based on GAAP and is commonly used in the oil and gas industry. It represents cash provided by operating activities before changes in non-cash working capital and asset retirement expenditures. 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. In addition, management uses netbacks, a non-GAAP term to analyze operating performance. Operating netback equals total revenue less royalties, transportation costs and operating costs calculated on a boe basis. The reader is cautioned that these non-GAAP measures may not be comparable to calculations of similar measures used by other companies.

Barrel of oil equivalent ("boe") may be misleading, particularly if used in isolation. All boe conversions in this report are derived by converting natural gas to oil in the ratio of six thousand cubic feet ("mcf") of gas to one barrel ("bbl") of oil. This conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Certain financial values are presented on a per boe basis. Such measurements may not be consistent with those used by other companies.

Certain of the statements set forth under "Management's Discussion and Analysis" and elsewhere in this press release, including statements which may contain words such as "could", "expect", "believe", "will", "budgeted", "forecasted" and similar expressions and statements relating to matters that are not historical facts, are forward-looking and are based upon the Company's current belief as to the outcome and timing of such future events. There are numerous risks and uncertainties that can affect the outcome and timing of such events, including many factors beyond the control of the Company. These factors include, but are not limited to the matters described under the heading "Risk and Risk Management" in the Company's December 31, 2005 MD&A. Should one or more of these events occur, or should any of the underlying assumptions prove incorrect, the Company's actual results and plans for 2006 and beyond could differ materially from those expressed in the forward-looking statements. The Company does not undertake to update, revise or correct any of the forward-looking information except as required by law or regulations. Such forward-looking statements should be read in conjunction with the Company's disclosures under the heading: "CAUTIONARY STATEMENT" contained in this release.

PRODUCTION Production for the quarter ended September 30, 2006 averaged 5,768 boe per day, an increase of 41% over the 4,093 boe per day produced in the third quarter of 2005. Natural gas volumes grew to 28.7 Mmcf per day, a 42% increase over third quarter 2005 natural gas production of 20.3 Mmcf per day. Increased gas production came from new wells drilled at Edson and Ferrier in Alberta and Inga in British Columbia. Light oil and natural gas liquids ("ngl") production increased 38% to 983 bbls per day in the third quarter compared to 714 bbls per day in the third quarter of 2005. Light oil and ngl production increased as a result of new oil wells drilled at Edson and Ferrier.

Production for the nine months ended September 30, 2006 averaged 5,516 boe per day, an increase of 36% over the 4,048 boe per day produced in the first nine months of 2005. Natural gas volumes grew to 28.2 Mmcf per day, a 46% increase over the first nine months of 2005. Light oil and ngl production decreased 2% to 814 bbls per day in the first nine months of 2006 compared to 832 bbls per day in the first nine months of 2005. The natural gas production increase in the first nine months of 2006 was the result of the addition of new wells as described above. The decrease in light oil and ngl production was the result of regulatory restrictions on the Company's light oil production in the Laprise area.

REVENUE Revenue for the third quarter totalled $22.3 million including natural gas revenue of $15.9 million and light oil and ngl revenue of $6.4 million. These amounts compared to third quarter 2005 revenue of $22.3 million including natural gas revenue of $18.0 million and light oil and natural gas liquids of $4.3 million. The decreased third quarter 2006 natural gas revenue was the result of a 38% decrease in natural gas prices partially offset by the 42% increase in natural gas production. In the third quarter of 2006, natural gas pricing decreased to $6.01 from $9.65 for the same period of 2005. The increase in oil and ngl revenue was the result of the 38% increase in production and an 8% increase in oil and ngl pricing from $65.70 in 2005 to $70.64 in the third quarter of 2006.

Revenue for the nine months ended September 30, 2005 totalled $66.2 million including natural gas revenue of $51.5 million and light oil and ngl revenue of $14.7 million. These amounts compared to revenue in the first nine months of 2005 of $57.0 million including natural gas revenue of $43.5 million and light oil and natural gas liquids of $13.5 million. The increased 2006 natural gas revenue was the result of the 46% increase in natural gas production being partially offset by a 19% decrease in natural gas prices from $8.25 in the first nine months of 2005 to $6.69 in 2006. The increase in oil and ngl revenue was the result of an 11% increase in oil and ngl pricing from $59.60 in 2005 to $65.99 in the first nine months of 2006.

ROYALTIES Royalties for the third quarter of 2006 totalled $3.9 million or 17.6% of revenue compared to $4.3 million or 19.0% of revenue for the third quarter of 2005. Royalty rates as a percentage of revenue decreased in the third quarter due to the receipt of higher than estimated 2005 gas cost allowance credits in Alberta and the addition of natural gas production from deep wells in Alberta which received royalty holidays.

Royalties for the first nine months of 2006 totalled $14.5 million or 21.9% of revenue compared to $11.2 million or 19.6% of revenue for the first nine months of 2005. Royalty rates as a percentage of revenue have increased in 2006 due to an increase in the Company's natural gas production in proportion to its oil production. The increased natural gas production attracts a higher royalty rate compared to oil. This increase was partially offset by the aforementioned gas cost allowance credits and royalty holidays.

OPERATING COSTS Operating costs for the three months ended September 30, 2006 totalled $2.8 million or $5.22 per boe compared to $1.8 million or $4.65 per boe for the same period in 2005. Oil and ngl operating costs have decreased to $4.32 per bbl in the third quarter of 2006 from $6.25 per bbl in the third quarter of 2005 as a result of new oil production added at Edson and Ferrier with lower operating costs. Inflationary pressures throughout all of the Company's operations and an increase in higher cost production in the Inga, British Columbia area has resulted in natural gas operating costs per unit increasing in the third quarter of 2006 to $0.90 per mcf compared to $0.72 per mcf in the third quarter of 2005.

Operating costs for the nine months ended September 30, 2006 totalled $7.9 million or $5.22 per boe compared to $4.6 million or $4.21 per boe for the same period in 2005. Oil and ngl operating costs for the first nine months of 2006 averaged $5.03 per bbl up from $4.69 per bbl in the first nine months of 2005 and natural gas operating costs averaged $0.88 per mcf in the first nine months of 2006 compared to $0.68 per mcf in the same period of 2005. Inflationary pressures throughout all of the Company's operations, facility turnarounds and outages in Ferrier and Edson and third party processing cost increases in Viking and Plain Lake combined with increased production of higher cost natural gas production at Inga, British Columbia have impacted the Company's per unit operating costs over the past year.

TRANSPORTATION Transportation costs for the third quarter of 2006 were $0.5 million or $0.99 per boe compared to $0.4 million or $1.09 per boe in the third quarter of 2005. Oil and ngl transportation costs per unit have decreased in the third quarter of 2006 to $1.35 per bbl from $2.45 per bbl in 2005 due to increased light oil and ngl production from Edson and Ferrier, which attract a lower trucking charge. Gas transportation costs per unit increased to $0.15 per mcf in the third quarter of 2006 versus $0.13 per mcf for the same period in 2005 due to the addition of British Columbia natural gas production which attracts a higher transportation charge.

Transportation costs for the first nine months of 2006 were $1.5 million or $0.99 per boe compared to $1.4 million or $1.26 per boe in the first nine months of 2005. Oil and ngl transportation costs per unit in the first nine months of 2006 were $1.41 per bbl compared with $2.95 per bbl in the same period of 2005. This decrease was due to lower light oil production from Laprise, British Columbia which attracted higher trucking costs, as well as the previously mentioned new oil production from Edson and Ferrier. Gas transportation costs per unit have remained consistent at $0.15 per mcf throughout the first nine months of 2006 compared to $0.15 for the same period of 2005.

OPERATING NETBACKS

	Three months ended Sept 30, 2006			Three months ended Sept 30, 2005		
	Oil and ngl ($/bbl)	**Natural Gas ($/mcf)**	**Total ($/boe)**	Oil and ngl ($/bbl)	Natural Gas ($/mcf)	Total ($/boe)
Revenue	**$ 70.64**	**$ 6.01**	**$ 41.96**	$ 65.70	$ 9.65	$ 59.23
Royalties	**(13.65)**	**(1.06)**	**(7.64)**	(12.57)	(1.90)	(11.59)
Alberta royalty tax credit			**0.24**			0.34
Operating costs	**(4.32)**	**(0.90)**	**(5.22)**	(6.25)	(0.72)	(4.65)
Transportation costs	**(1.35)**	**(0.15)**	**(0.99)**	(2.45)	(0.13)	(1.09)
Operating netbacks	**$ 51.32**	**$ 3.90**	**$ 28.35**	$ 44.43	$ 6.90	$ 42.24

	Nine months ended Sept 30, 2006			Nine months ended Sept 30, 2005		
	Oil and ngl ($/bbl)	**Natural Gas ($/mcf)**	**Total ($/boe)**	Oil and ngl ($/bbl)	Natural Gas ($/mcf)	Total ($/boe)
Revenue	**$ 65.99**	**$ 6.69**	**$ 43.98**	$ 59.60	$ 8.25	$ 51.59
Royalties	**(14.45)**	**(1.52)**	**(9.87)**	(10.90)	(1.73)	(10.46)
Alberta royalty tax credit			**0.25**			0.34
Operating costs	**(5.03)**	**(0.88)**	**(5.22)**	(4.69)	(0.68)	(4.21)
Transportation costs	**(1.41)**	**(0.15)**	**(0.99)**	(2.95)	(0.14)	(1.26)
Operating netbacks	**$ 45.10**	**$ 4.14**	**$ 28.15**	$ 41.06	$ 5.70	$ 36.00

GENERAL AND ADMINISTRATIVE General and administrative expenses for the third quarter of 2006 totalled $0.4 million or $0.70 per boe compared to $0.3 million or $0.87 per boe for the third quarter of 2005. General and administrative expenses for the first nine months of 2006 totalled $1.3 million or $0.84 per boe compared to $1.0 million or $0.93 per boe for the first nine months of 2005. The Company's general and administrative costs per boe have decreased in 2006 as a result of the administrative efficiencies realized from the Company's increased production volumes. Crew follows the full cost method of accounting for its petroleum and natural gas operations under which, $0.4 million (2005 - $0.3 million) of corporate expenses were capitalized during the third quarter and $1.3 million (2005 - $1.0 million) were capitalized in the first nine months of the year.

INTEREST Interest expense totalled $0.44 million or $0.82 per boe for the third quarter of 2006 compared with $0.13 million and $0.33 per boe for the same period in 2005. For the first nine months of 2006, interest expense was $1.2 million or $0.77 per boe compared with $0.4 million or $0.32 per boe for the same period in 2005. In 2006, higher debt levels and higher interest rates have increased the Company's interest expense for the three and nine month periods. Interest paid for the first nine months of 2006 totalled $1.3 million compared with $0.2 million for the same period of 2005.

STOCK-BASED COMPENSATION For the third quarter of 2006, the Company recorded a stock-based compensation expense totalling $0.6 million or $1.13 per boe compared to $0.2 million or $0.66 per boe for the third quarter of 2005. In the first nine months of 2006, the Company recorded stock-based compensation expense totaling $1.7 million or $1.13 per boe compared to $0.5 million or $0.41 per boe in 2005. The Company's stock-based compensation expense has increased in 2006 as a result of the Company's increased staff levels and the issuance of new stock options over the past year. In conjunction with its full cost method of accounting for its petroleum and natural gas operations, for the first nine months of the year, the Company has capitalized $1.7 million (2005 - $0.5 million) of stock-based compensation costs.

DEPLETION, DEPRECIATION AND ACCRETION The provision for depletion, depreciation and accretion was $10.5 million or $19.85 per boe for three months ended September 30, 2006. This compares to a third quarter 2005 provision of $5.0 million or $13.31 per boe. For the nine months ended September 30, 2006 depletion, depreciation and accretion was $27.6 million or $18.34 per boe compared to $13.3 million or $12.00 per boe for the same period in 2005. Per unit depletion has increased in 2006 due to inflationary pressures experienced throughout the industry which has increased the cost of adding new reserves. The Company has also acquired and built a number of gas facilities over the past year in order to maintain lower operating costs and ensure processing capacity for Crew's natural gas production.

INCOME TAXES The Company had a future income tax expense of $1.5 million for the third quarter of 2006 compared with a $3.8 million expense for the third quarter of 2005. For the first nine months of 2006, the Company's future income tax expense was $1.6 million compared with $8.8 million for the same period in 2005. During 2006, the Canadian federal and provincial governments substantively enacted income tax rate reductions which resulted in a second quarter of 2006 reduction of $2.6 million in future income tax expense.

NET INCOME Net income decreased to $1.6 million in the third quarter compared to $6.3 million for the third quarter of 2005. On a per share basis, net income was $0.05 per basic share and $0.05 per diluted share compared to $0.23 per basic and $0.20 per diluted share in the third quarter of 2005. Net income was $9.0 million or $0.27 per basic share and $0.26 per diluted share for the first nine months of 2006 compared to $15.9 million or $0.59 per basic share and $0.50 per diluted share in the first nine months of 2005. The decrease in net income was the result of the decrease in natural gas pricing combined with the increased cost of operations and reserve additions.

LIQUIDITY AND CAPITAL RESOURCES At September 30, 2006 the Company had used $22.8 million of its bank facility and had a working capital deficiency of $15.2 million. Crew currently has a $90 million demand operating facility with a Canadian chartered bank.

On August 17, 2006, the Company closed an offering of 1,666,800 common shares at $15.00 per common share and 759,500 common shares on a flow through basis at a price of $19.75 per flow through share for aggregate gross proceeds of $40 million. The Company will use the proceeds from this financing to fund its 2006 and 2007 capital program and will renounce $15 million of the related tax deductions to investors in the flow through issue.

In February, the Company renounced $10.0 million of Canadian tax deductions to purchasers of the Company's December 2005 flow-through share issue. The future tax impact of this renouncement was charged to the Company's future tax liability and share capital in the first quarter of 2006.

On October 18, 2006, the Company announced an agreement to make an offer to acquire all of the shares of a private Alberta based oil and natural gas company for approximately 5.33 million common shares of Crew and the assumption of estimated net debt of $3.1 million. The transaction is subject to certain conditions including the tendering of a minimum of 90% of the shares of the private company. If these conditions are met, the acquisition is expected to close in mid-November.

As at November 7, 2006, 36,029,482 Common Shares and 452,000 Class C Performance Shares of the Company were outstanding along with 2,116,500 options to acquire Common Shares.

OPERATIONS AND CAPITAL EXPENDITURES Exploration and development expenditures for the third quarter were $38.9 million compared to $28.4 million for the third quarter of 2005. During the third quarter Crew drilled 15 (13.3 net) wells resulting in 10 (8.8 net) natural gas wells, three (3 net) oil wells, and two (1.5 net) dry and abandoned wells. The total number of wells drilled for the first nine months of 2006 is 42 (36.2 net) resulting in 34 (28.7 net) natural gas wells, five (5 net) oil wells, and three (2.5 net) dry and abandoned wells. The total expenditures are detailed below:

(thousands)	**Three months ended Sept 30, 2006**	Three months ended Sept 30, 2005	**Nine months ended Sept 30, 2006**	Nine months ended Sept 30, 2005
Land	**$ 2,319**	$ 5,064	**$ 6,777**	$ 12,506
Seismic	**451**	2,167	**3,520**	3,852
Drilling and completions	**29,177**	14,465	**60,074**	27,508
Facilities, equipment and pipelines	**6,495**	6,328	**21,591**	15,176
Other	**472**	399	**1,567**	1,234
Total exploration and development	**38,914**	28,423	**93,529**	60,276
Property acquisitions	**–**	–	**15,929**	–
Total	**$ 38,914**	$ 28,423	**$ 109,458**	$ 60,276

QUARTERLY ANALYSIS The following table summarizes Crew's key quarterly financial results for the Company's previous eight operating quarters:

($ thousands, except per share amounts)	**Sept. 30, 2006**	June 30, 2006	Mar. 31, 2006	Dec. 31, 2005	Sept. 30, 2005	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004
Petroleum and natural gas sales	**22,267**	19,164	24,792	30,520	22,304	18,673	16,035	12,721
Funds from operations	**14,245**	10,645	15,063	21,084	15,423	12,521	10,463	8,330
Per share – basic	**0.41**	0.32	0.45	0.69	0.56	0.47	0.39	0.33
– diluted	**0.40**	0.31	0.44	0.65	0.48	0.40	0.33	0.28
Net income	**1,633**	3,753	3,594	8,746	6,328	5,279	4,288	3,358
Per share – basic	**0.05**	0.11	0.11	0.28	0.23	0.20	0.16	0.13
– diluted	**0.05**	0.11	0.11	0.27	0.20	0.17	0.14	0.11
Total daily production (boe/d)	**5,768**	5,049	5,731	4,730	4,093	4,217	3,833	3,112

Prior to 2006, Crew's petroleum and natural gas sales, funds from operations and net income all grew quarter over quarter as a result of increasing production and increasing commodity prices. In 2006, despite increased production, these performance measures have all declined as a result of the lower price of natural gas combined with the escalated cost of the Company's operations.

Dated as of November 8, 2006

Consolidated Balance Sheets

(thousands)	Sept 30, 2006	December 31, 2005
	(unaudited)	
ASSETS		
Current Assets:		
Cash and cash equivalent	$ –	$ 16,302
Accounts receivable	**16,425**	18,874
	16,425	35,176
Property, plant and equipment (note 2)	**248,780**	162,428
	$ 265,205	$ 197,604
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	**$ 31,631**	$ 41,751
Bank loan (note 4)	**22,810**	–
	54,441	41,751
Asset retirement obligations (note 3)	**9,018**	7,182
Future income tax liability (note 6)	**24,227**	19,177
SHAREHOLDERS' EQUITY		
Share capital (note 5)	**128,698**	92,653
Contributed surplus (note 5)	**4,687**	1,687
Retained earnings	**44,134**	35,154
	177,519	129,494
Subsequent event (note 7)		
	$ 265,205	$ 197,604

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Operations and Retained Earnings

(unaudited) *(thousands, except per share amounts)*	**Three months ended Sept 30, 2006**	Three months ended Sept 30, 2005	**Nine months ended Sept 30, 2006**	Nine months ended Sept 30, 2005
Revenue				
Petroleum and natural gas sales	**$ 22,267**	$ 22,304	**$ 66,223**	$ 57,012
Royalties	**(3,925)**	(4,238)	**(14,480)**	(11,186)
Other	**3**	16	**62**	75
	18,345	18,082	**51,805**	45,901
Expenses				
Operating	**2,768**	1,750	**7,865**	4,649
Transportation	**523**	411	**1,498**	1,395
General and administrative	**373**	329	**1,270**	1,024
Interest	**436**	125	**1,219**	359
Stock-based compensation	**597**	248	**1,707**	455
Depletion, depreciation and accretion	**10,536**	5,013	**27,618**	13,256
	15,233	7,876	**41,177**	21,138
Income before taxes	**3,112**	10,206	**10,628**	24,763
Taxes (note 6)				
Current	**–**	44	**–**	67
Future	**1,479**	3,834	**1,648**	8,801
	1,479	3,878	**1,648**	8,868
Net income	**1,633**	6,328	**8,980**	15,895
Retained earnings, beginning of period	**42,501**	20,080	**35,154**	10,513
Retained earnings, end of period	**$ 44,134**	$ 26,408	**$ 44,134**	$ 26,408
Per share amounts (note 5(d))				
Basic	**$ 0.05**	$ 0.23	**$ 0.27**	$ 0.59
Diluted	**$ 0.05**	$ 0.20	**$ 0.26**	$ 0.50

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

(unaudited, thousands)	**Three months ended Sept 30, 2006**	Three months ended Sept 30, 2005	**Nine months ended Sept 30, 2006**	Nine months ended Sept 30, 2005
Cash provided by (used in):				
Operating activities:				
Net income	**$ 1,633**	$ 6,328	**$ 8,980**	$ 15,895
Items not involving cash:				
Stock-based compensation	**597**	248	**1,707**	455
Depletion, depreciation & accretion	**10,536**	5,013	**27,618**	13,256
Future income taxes	**1,479**	3,834	**1,648**	8,801
Asset retirement expenditures	**(13)**	–	**(245)**	–
Change in non-cash working capital	**(2,248)**	(2,542)	**1,225**	(2,603)
	11,984	12,881	**40,933**	35,804
Financing activities:				
Increase/(Decrease) in bank loan	**(20,328)**	(1,862)	**22,810**	7,441
Issue of common shares	**40,153**	6,172	**40,509**	6,178
Share issue costs	**(2,200)**	–	**(2,200)**	–
	17,625	4,310	**61,119**	13,619
Investing activities:				
Exploration and development	**(38,914)**	(28,423)	**(93,529)**	(60,276)
Property acquisitions	**–**	–	**(15,929)**	–
Change in non-cash working capital	**9,305**	11,232	**(8,896)**	3,784
	(29,609)	(17,191)	**(118,354)**	(56,492)
Change in cash and cash equivalents	**–**	–	**(16,302)**	(7,069)
Cash and cash equivalents, beginning of period	**–**	–	**16,302**	7,069
Cash and cash equivalents, end of period	**$ –**	$ –	**$ –**	$ –

See accompanying notes to the consolidated financial statements.

Notes to Consolidated Financial Statements

For the three and nine months ended Sept 30, 2006 and 2005

(unaudited) (Tabular amounts in thousands)

1. SIGNIFICANT ACCOUNTING POLICIES:

The interim consolidated financial statements of Crew Energy Inc. 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, 2005. The disclosure which follows is incremental to the disclosure included with the December 31, 2005 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, 2005.

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

2. PROPERTY, PLANT AND EQUIPMENT:

September 30, 2006	**Cost**	**Accumulated depletion & depreciation**	**Net book value**
Petroleum and natural gas properties and equipment	**$ 306,052**	**$ 57,272**	**$ 248,780**

December 31, 2005	Cost	Accumulated depletion & depreciation	Net book value
Petroleum and natural gas properties and equipment	$ 192,573	$ 30,145	$ 162,428

The cost of unproven lands at September 30, 2006 of $24,205,000 (2005 - $20,837,000) were excluded from the depletion calculation.

During the three months ended September 30, 2006, $1,224,000 (2005 – $579,000) of corporate expenses related to exploration and development activities were capitalized and during the nine months ended September 30, 2006, $3,701,000 (2005 – $1,481,000) of corporate expenses related to exploration and development activities were capitalized.

3. ASSET RETIREMENT OBLIGATIONS:

Crew has estimated the net present value of its total asset retirement obligation as at September 30, 2006 to be $9,018,000 (September 30, 2005 - $6,095,000) based on a total future liability of $17,235,000 (2005 - $12,097,000). These payments are expected to be made over the next 39 years. An 8% (2005 – 8%) credit adjusted risk free discount rate and 2% (2005 – 2%) inflation rate were used to calculate the present value of the asset retirement obligation.

The following table reconciles Crew's asset retirement obligations:

	Nine months ended Sept 30, 2006	Year ended December 31, 2005
Carrying amount, beginning of period	**$ 7,182**	$ 4,984
Liabilities incurred	**1,354**	1,581
Liabilities acquired	**236**	–
Accretion expense	**491**	474
Change in estimate	–	242
Liabilities settled	**(245)**	(99)
Carrying amount, end of period	**$ 9,018**	$ 7,182

4. BANK LOAN:

At September 30, 2006, the Company has a $90 million demand operating facility with a Canadian chartered bank. The facility is available by way of prime rate based loans or bankers acceptances and bears interest at the bank's prime lending rate, bankers' acceptance rates plus scheduled margins. The facility revolves at the Company's discretion, is repayable on demand of the bank and is secured by a first floating charge debenture over all of Crew's petroleum and natural gas assets.

Interest paid during the nine months ended September 30, 2006 totalled $1,291,000 (2005 – $163,000).

5. SHARE CAPITAL:

(a) Common Shares:

	Number of shares	Amount
Common shares, December 31, 2005	33,282	$ 92,645
Public offering issued for cash	1,667	25,002
Flow-through shares issued for cash	759	15,000
Exercise of Class C, performance shares	272	3
Exercise of stock options	49	507
Stock-based compensation	–	415
Flow through share tax adjustment	–	(3,365)
Share issue costs, net of tax of $686	–	(1,514)
Common shares, September 30, 2006	36,029	$ 128,693

(b) Contributed Surplus:

	Amount
Contributed surplus, December 31, 2005	$ 1,687
Stock-based compensation	3,415
Exercise of Class C, performance shares	(208)
Conversion of stock options	(207)
Contributed surplus, September 30, 2006	$ 4,687

(c) Stock-based compensation:

During the first nine months of 2006, the Company recorded $3,415,000, (2005 - $910,000) of compensation expense related to the performance shares and stock options, of which $1,708,000, (2005 - $455,000) was capitalized in accordance with the Company's full cost accounting policy. The fair value of each stock option is determined at each issue or grant date using the Black-Scholes model with the following weighted average assumptions: risk free interest rate 4.33% (2005 – 4.50%), expected life 4 years (2005 – 4 years), volatility 45% (2005 – 45%), and an expected dividend of nil (2005 – nil).

(i) Performance shares

	Number of shares	Amount
Class C, performance shares, December 31, 2005	787	$ 8
Converted to Common shares	(310)	(3)
Reacquired and cancelled	(25)	–
Class C, performance shares, September 30, 2006	**452**	**$ 5**

(ii) Stock options

The average fair value of the stock options granted during the nine months ended September 30, 2006 as calculated by the Black-Scholes method was $5.02 (2005 - $6.74) per option.

	Number of Options	Price Range	Weighted average exercise price
Balance December 31, 2005	1,848	$ 3.50 to $ 18.60	$ 15.65
Granted	442	$ 11.95 to $ 14.29	$ 12.45
Cancelled	(60)	$ 10.43	$ 10.43
Exercised	(49)	$ 3.60 to $ 12.65	$ 10.35
Balance September 30, 2006	**2,181**	**$ 3.50 to $ 18.60**	**$ 15.27**

(d) Per share amounts:

Per share amounts have been calculated on the weighted average number of shares outstanding. The weighted average shares outstanding for the three month period ended September 30, 2006 was 34,537,000 (September 30, 2005 – 27,492,000) and for the nine month period ended September 30, 2006, the weighted average number of shares outstanding was 33,714,000 (September 30, 2005 – 27,019,000).

In computing diluted earnings per share for the three month period ended September 30, 2006, 701,000 (September 30, 2005 – 4,271,000) shares were added to the weighted average number of common shares outstanding for the dilution added by the performance shares and stock options and for the nine months ended September 30, 2006, 779,000 (September 30, 2005 – 4,697,000) shares were added to the weighted average number of common shares for the dilution.

(e) Flow through shares

On December 20, 2005, the Company closed a public offering in which 1,790,600 shares were issued for gross proceeds of $35,006,000. Of the shares issued, 416,700 shares were issued on a flow-through basis in which the Company has committed to renounce to the purchasers certain Canadian tax deductions totalling $10,000,800. Pursuant to the terms of the flow-through arrangement, the Company renounced $10,000,800 of Canadian tax deductions and recorded the future tax liability associated with this renouncement in the first quarter of 2006. As at September 30, 2006, the Company had incurred and renounced all expenditures required under this flow-through offering.

On August 10, 2006, the Company closed a public offering in which 2,426,300 shares were issued for gross proceeds of $40,002,125. Of the shares issued, 759,500 shares were issued on a flow-through basis in which the Company has committed to renounce to the purchasers certain Canadian tax deductions totalling $15,000,125.

6. INCOME TAXES:

During the second quarter of 2006, the federal and provincial governments substantively enacted legislation reducing the tax rates. This legislation has reduced the Corporation's future income tax liability and provision for future taxes for the nine months ended September 30, 2006 by $2,563,000.

7. SUBSEQUENT EVENT:

On October 18, 2006, the Company announced an agreement to make an offer to acquire all of the shares of a private Alberta based oil and natural gas company for approximately 5.33 million common shares of Crew and the assumption of estimated net debt of $3.1 million. The transaction is subject to certain conditions including the tendering of a minimum of 90% of the shares of the private company. If these conditions are met, the acquisition is expected to close in mid-November.

Corporate Information

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BANKERS

The Toronto-Dominion Bank

LEGAL COUNSEL

Burnet, Duckworth & Palmer LLP

RESERVE ENGINEERS

GLJ Petroleum Consultants

TRANSFER AGENT

Valiant Trust Company

EXCHANGE LISTING

Toronto Stock Exchange
Stock Symbol: CR

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

CAUTIONARY STATEMENT

This report contains forward-looking statements relating to Management's approach to operations, expectations relating to the number of wells, amount and timing of capital projects, company production, commodity prices, foreign exchange rates, royalties, operating costs and funds from operations. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable by Crew at the time of preparation, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. Such factors include, but are not limited to: general economic, market and business conditions; industry capacity; competitive action by other companies; fluctuations in oil and gas prices; the ability to produce and transport crude oil and natural gas to markets; the result of exploration and development drilling and related activities; fluctuation in foreign currency exchange rates; the imprecision of reserve estimates; the ability of suppliers to meet commitments; actions by governmental authorities including increases in taxes; decisions or approvals of administrative tribunals; change in environmental and other regulations; risks associated with oil and gas operations; the weather in the Company's areas of operations; and other factors, many of which are beyond the control of the Company. There is no representation by Crew that actual results achieved during the forecast period will be the same in whole or in part as that forecast.

crew energy inc.

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