crew energy inc.

FOR IMMEDIATE RELEASE - CALGARY, ALBERTA – November 10, 2004

Crew Energy Inc. (TSX-CR) of Calgary, Alberta is pleased to announce its operating and financial results for the three and nine month periods ended September 30, 2004.

Highlights

- Cash flow for the quarter was $5.9 million a 14% increase over the second quarter of 2004;
- Third quarter production increased 12% over the second quarter to average 2,428 boepd;
- Current production is in excess of 3,000 boepd, representing 100% production growth since the Company's inception in September 2003;
- Production per share has increased 77% since the Company's inception in September 2003;
- Achieved financial metrics at or near the top of the Company's peer group including cash flow at 64% of revenue, earnings at 35% of cash flow, general and administrative expenses per boe of $0.81 and cash flow netbacks of $26.43 per boe;
- The Company's balance sheet remained strong with $0.4 million in working capital and no bank debt at September 30, 2004;
- Maintained operating costs of $3.96 per boe in the third quarter despite a difficult operating environment caused by continued wet weather throughout western Canada;
- The Company's land position remains one of the largest in its peer group with 408,000 gross acres under ownership of which 232,000 are net undeveloped.

($ thousands, except per share amounts)	**Three months ended September 30, 2004**	Period ended September 30, 2003 (note 1)	**Nine months ended September 30, 2004**
Petroleum and natural gas sales	**9,194**	1,500	**24,981**
Cash flow from operations (note 2)	**5,906**	798	**15,746**
Per share - basic	**0.23**	0.03	**0.64**
- diluted	**0.20**	0.03	**0.56**
Net income	**2,064**	307	**5,590**
Per share - basic	**0.08**	0.01	**0.23**
- diluted	**0.07**	0.01	**0.20**
Exploration and development expenditures	**15,711**	1,829	**34,406**
Working capital		4,986	**373**
Weighted average shares (thousands)			
Basic	**25,981**	22,981	**24,514**
Diluted	**29,758**	26,157	**28,097**

note 1 - Crew was formed on September 2, 2003 as part of the Plan of Arrangement (the "Plan") entered into by Baytex Energy Ltd. ("Baytex") and its associated companies under which certain producing properties and exploratory assets of Baytex were transferred to Crew, with the remaining assets being reorganized into an income trust, Baytex Energy Trust. Under the Plan, Baytex Energy Trust became the continuing issuer of Baytex and Crew was registered as a new issuer. As a result, the financial information required to be included in this report comprises only the operating results of Crew for the three and nine month period ended September 30, 2004 and the comparative information for the 29 day period ended September 30, 2003.

note 2 - Cash flow from operations is used before changes in non-cash working capital to analyze operating performance and leverage. Cash flow 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.

	Three months ended September 30, 2004	Period ended September 30, 2003 (note 1)	**Nine months ended September 30, 2004**
Daily production			
Light oil and ngls (bbl/d)	**547**	350	**501**
Natural gas (mcf/d)	**11,283**	7,075	**10,311**
Oil equivalent (boe/d @ 6:1)	**2,428**	1,529	**2,220**
Average prices			
Light oil and ngls ($/bbl)	**48.55**	33.22	**44.45**
Natural gas ($/mcf)	**6.50**	5.67	**6.68**
Oil equivalent ($/boe)	**41.15**	33.83	**41.08**
Operating expenses			
Light oil and ngls ($/bbl)	**3.71**	4.93	**3.72**
Natural gas ($/mcf)	**0.67**	0.89	**0.67**
Oil equivalent ($/boe @ 6:1)	**3.96**	5.23	**3.94**
Operating netback ($/boe)	**26.84**	19.51	**26.65**
G&A and other revenue ($/boe)	**0.41**	1.50	**0.76**
Cash flow netback ($/boe)	**26.43**	18.01	**25.89**

<u>Operational Update</u>

Crew's third quarter was the busiest in the Company's history. A record 11 (10.3 net) wells were drilled of which 7 (6.5 net) were cased for gas production, 2 (1.8 net) were cased for oil production and 2 (2.0 net) were dry and abandoned for an 82% success rate.

Edson, Alberta

Crew completed the installation and start-up of its 810-bhp compressor station in July expanding the Company's productive capacity in the area to over 1,400 boepd. The next phase of development at Edson includes the drilling of six wells by the end of the first quarter of 2005 to bring stabilized production in the area up to the 1,400 boepd level, fully utilizing the facility's capacity. The Company's plan is to develop an extended production history from the existing producing wells in order to support further development of the 22 net identified drilling locations and a doubling of the facility's capacity to 2,800 boepd. The primary targets at Edson are tight gas sandstones in the Jurassic age Rock Creek formation which are characterized by thick 30 to 70 foot sandstone bodies. Several wells in the area have encountered secondary pay zones in the Cardium, Viking, Second White Specks and Gething formations.

Laprise, British Columbia

The Company continued to develop its 44 API light oil play at Laprise with 2 (1.8 net) oil wells drilled extending the Company's west Coplin oil pool to the south. The first of these wells was completed and brought on-stream late in the quarter. The second well was completed in October and is scheduled to be on production by mid November. During the quarter the Company received approval for concurrent production in the area's east Coplin oil pool. The approval increased the production allowables on the east pool's wells from 63 bopd to 94 bopd.

The Company has recently commissioned the construction of a 325-bhp compressor station to accommodate the production of natural gas in the area. The completion of the facility will allow the tie-in of certain wells in the Company's west Coplin pool that are currently production restricted pending conservation of solution gas. Once these tie-ins are complete these wells are expected to increase Crew's production in the area to over 600 boepd from the current 250 boepd level. This project is expected to be completed before year-end. The Company has identified an additional 4 drilling locations at Laprise targeting the Coplin Sandstone formation.

The Company's plans at Laprise also include acquiring 3-D seismic data over its lands this winter to evaluate the potential of the Slave Point formation. Crew lands lie in an analogous geological and structural position to a well three miles away currently producing 23 mmcf per day from the Slave Point formation. Should the seismic data support a drilling location, Crew plans to drill the exploration well in the third quarter of 2005.

Viking-Kinsella, Alberta

Crew has completed its 12 kilometer pipeline in the area allowing the first 3 (3.0 net) wells to be placed on production at a combined rate of 300 boepd. Crew has an additional 3 (3.0 net) wells to tie-in before year-end with an expected production rate of 250 boepd. The Company has identified 14 drilling locations with plans to drill 5 wells by the end of the first quarter of 2005.

Wimborne-Drumheller, Alberta

Crew is currently finalizing plans for a large development project to be under-taken in the Wimborne area of Alberta. The initial stage of the project includes the drilling of 9 (6.5 net) development wells targeting natural gas from the Belly River, Edmonton Sandstones and Horseshoe Canyon coal formations. These wells will be drilled in close proximity to the Company's existing gathering system with the gas to be processed through Crew's operated gas processing facility.

Crew's lands in the Wimborne area are surrounded by new natural gas developments targeting the Horseshoe Canyon coals. A typical Horseshoe Canyon coal development would incorporate the drilling of 4 to 8 wells per section with expected production rates between 70 to 300 mcf per day per well. Crew has 42 net sections of Horseshoe Canyon coal rights in the Wimborne-Drumheller area. The Company also operates an extensive pipeline infrastructure and two gas processing facilities in the area.

Exploration

With increased production volumes and 232,000 acres of undeveloped land, Crew is now at a stage were it can undertake a larger exploration program. The Company participated in three exploration wells in the third quarter of 2004, two of which were cased for production and the third was abandoned. Crew has plans to participate in 4 exploration wells before the end of the first quarter of 2005. At Inga, British Columbia, Crew has a 100 percent interest in 5 sections of land and is planning to drill a 1,700 meter Halfway formation test well. At Columbia, Alberta, Crew has a 40 percent interest in a 3,900 meter Nisku formation test well in which the Company's costs of the well will be carried by its joint venture partner until the start of the completion of the well. At Brazeau, Alberta, Crew has a 100 percent interest in 14 sections of land and plans to drill a 2,700 meter Shunda formation test well. At Whitehorse, Alberta, the Company plans on drilling a 2,700 meter Nordegg formation test well. Crew currently has an exploration prospect inventory of 29 drilling locations.

Outlook

The third quarter completion of the Company's compressor station at Edson significantly enhanced Crew's production capabilities. The Company was on-target to exceed the upper-limit of its 2,400 to 2,600 boepd production guidance for the third quarter. In September an unscheduled shut-down of a non-operated gas processing facility at Edson resulted in the area's production being shut-in for 17 days. This shut-down, along with the inability to transport oil at Laprise due to wet weather, negatively impacted the Company's third quarter production by approximately 260 boepd. Despite the shut-in production, third quarter production grew by 12% over the second quarter and the Company remains on-target to meet its previous guidance of 2,400 to 2,600 boepd of average 2004 production. With current production in excess of 3,000 boepd, approximately 700 boe currently behind pipe and up to 14 (14 net) additional wells planned for the fourth quarter, Crew is well positioned to meet its goal of exiting 2004 at production of 3,400 to 3,600 boepd.

The Company's successful drilling program and 232,000 acres of undeveloped land has provided Crew with a large drilling inventory. In order to capitalize on these opportunities in a timely fashion and to complete projects when drilling rigs and other services are available, Crew has increased its 2004 capital budget by 25% to $55 million. This ambitious program combined with first quarter 2005 spending of approximately $15 million is expected to yield a first quarter 2005 production exit rate in excess of 4,000 boepd. The Company is currently forecasting total 2005 capital expenditures of approximately $60 million. This program is expected to yield an average production rate for the year of between 4,000 to 4,300 boepd with 2005 exit production expected to be approximately 5,000 boepd.

Crew's plans for the fourth quarter of 2004 and 2005 will continue to focus on development of its core areas in pursuit of reservoirs which will provide predictable reserve and production growth. The Company's plans also include the drilling of 10 to 15 exploration wells that have the potential to significantly increase Crew's production and reserve base. Production from successful exploration wells are not included in the Company's production forecast and as a result these wells have the potential to significantly increase Crew's production, reserve base and drilling inventory. We look forward to the successful execution of these projects and reporting on their progress in the future.

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 month periods ended September 30, 2004 and the audited consolidated financial statements and management's discussion and analysis for the period ended December 31, 2003, which are included in the Company's 2003 Annual Report.

As the Company commenced operations effective September 2, 2003, comparative information for the period ended September 30, 2003 is for only 29 days. The limitations of such comparative information should be recognized and therefore, when applicable, comparative information for the quarter ended June 30, 2004 is also provided.

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, 2003 management, discussion and analysis on Page 21 of the Company's 2003 Annual Report. 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 2004 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. Such forward-looking statements should be read in conjunction with the Company's disclosures under the heading: "CAUTIONARY STATEMENT" contained in this release.

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. Barrel of oil equivalent ("boe") amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil.

Crew evaluates performance based on net income and cash flow from operations. Cash flow from operations is a measure not based on GAAP that is commonly used in the oil and gas industry. It represents cash generated from operating activities before changes in non-cash working capital. 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.

Sales Volumes Sales volumes for the three months averaged 2,428 boepd, an increase of 59% over the period ended September 30, 2003 and an increase of 12% over the second quarter of 2004. Natural gas volumes increased 59% over the period ended September 30, 2003 and 12% over the second quarter of 2004 to average 11.3 mmcf per day with increased production coming from Ferrier and Edson. Light oil and ngl sales increased 56% to 547 bbls per day in the third quarter compared to 350 bbls per day for the period ended September 30, 2003. Light oil and ngl production increased 13% over the second quarter of 2004 mainly due to greater ngl production from new wells in Edson and Ferrier. Sales volumes for the nine months ended September 30, 2004 averaged 2,220 boepd consisting of natural gas sales of 10.3 mmcf per day and liquids sales of 501 bbl per day.

Revenue Revenue for the third quarter was $9.2 million including natural gas revenue of $6.7 million and light oil and ngl revenue of $2.5 million. These amounts compared to second quarter 2004 revenue of $8.3 million including natural gas revenue of $6.4 million and light oil and natural gas liquids of $1.9 million. The third quarter revenue increase over the second quarter was due to increased sales volumes. Revenue for the first nine months of 2004 totalled $25.0 million consisting of natural gas revenue of $18.9 million and light oil and ngl revenue of $6.1 million. No meaningful comparison can be made between the three and nine months ended September 30, 2004 to the 29 days ended September 30, 2003.

For periods ending prior to April 1, 2004 the Company had previously presented petroleum and natural gas sales net of transportation costs. For periods commencing after March 31, 2004 the Company records petroleum and natural gas sales gross of transportation costs on the statement of operations. Previously reported amounts for periods ending prior to April 1, 2004 have been reclassified for comparative purposes.

Royalties Royalties for the third quarter of 2004 totalled $2.1 million or 22.9% of revenue compared to $2.0 million or 24% of revenue for the second quarter of 2004. The decrease in royalties as a percentage of revenue is due to the receipt of Alberta Royalty Tax Credits on new wells. Royalties for the first nine months of 2004 totalled $5.7 million or 22.9% of revenue. Royalty rates for the remainder of 2004 are expected to remain consistent with those incurred in the first nine months of 2004.

Operating Costs Operating costs for the three months ended September 30 totalled $0.9 million or $3.96 per boe, an increase of 3% over the second quarter of 2004. Operating costs for the nine months totalled $2.4 million or $3.94 per boe. Operating costs increased slightly in the third quarter compared to the second quarter of 2004 due to a compressor overhaul at one of the Company's operated facilities. The Company expects operating costs to remain in the $4.00 range for the remainder of 2004.

Transportation Total transportation costs for the third quarter of 2004 were $213,000 or $0.94 per boe compared to $222,000 or $1.12 per boe in the second quarter of 2004 and $1.01 for the period ended September 30, 2003. Transportation costs per unit decreased in the third quarter due to increased ngl production which have lower per unit transportation costs. Total transportation costs for the nine months ended September 30, 2004 were $657,000 or $1.08 per boe.

Operating Net Backs

	Three Months ended September 30, 2004		
	Light oil and ngls	Natural gas	Total
	($/bbl)	($/mcf)	($/boe)
Revenue	48.55	6.50	41.15
Royalties	(9.96)	(1.54)	(9.41)
	38.59	4.96	31.74
Operating costs	(3.71)	(0.67)	(3.96)
Transportation	(1.39)	(0.14)	(0.94)
Operating netbacks	33.49	4.15	26.84

	Nine months ended September 30, 2004		
	Light oil and ngls	Natural gas	Total
	($/bbl)	($/mcf)	($/boe)
Revenue	44.45	6.68	41.07
Royalties	(8.12)	(1.63)	(9.40)
	36.33	5.05	31.68
Operating costs	(3.72)	(0.67)	(3.94)
Transportation	(1.97)	(0.14)	(1.08)
Operating netbacks	30.64	4.24	26.65

General and Administrative General and administrative expenses for the third quarter of 2004 totalled $180,000 or $0.81 per boe compared to $293,000 or $1.49 per boe for the second quarter of 2004. The third quarter decrease was due to the absence of annual reporting costs that were incurred in the second quarter and larger capital recoveries due to increased third quarter capital spending. General and administrative costs for the nine months totaled $649,000 or $1.07 per boe. Capitalized corporate expenses related to exploration and development activities were $180,000 for the three months ended and $649,000 for the nine months ended September 30, 2004. General and administrative costs are expected to remain consistent with third quarter levels for the fourth quarter of 2004.

Stock-Based Compensation The Company accounts for its stock-based compensation programs, including the performance shares and stock options, using the fair value method. Under this method, compensation expense related to these programs is recorded in the consolidated statement of operations over the vesting period. For the three months ended September 30, 2004 the Company has recorded a stock-based compensation expense totalling $63,000 or $0.28 per boe compared to $63,000 or $0.32 per boe for the second quarter of 2004.

Depletion, depreciation and accretion The provision for depletion, depreciation and accretion was $2.7 million or $11.95 per boe for the three months ended September 30, 2004, which included $100,000 or $0.45 per boe of accretion associated with the Company's asset retirement obligation. This compares to a second quarter 2004 provision of $2.1 million or $10.45 per boe including $98,000 or $0.50 per boe of accretion. The increased depletion rate for the quarter is a result of the increased cost of adding reserves compared to prior periods.

For the period from September 2, 2003 to September 30, 2003, the Company's depletion rate amounted to $5.98 per boe and is not comparable to the third quarter of 2004. For the nine months ended September 30, 2004 depletion, depreciation and accretion was $6.6 million or $10.91 per boe including $294,000 or $0.48 per boe of accretion associated with the Company's asset retirement obligation.

Effective January 1, 2004 the Company adopted new Accounting Guideline 16 "Oil and Gas Accounting – Full Cost." Under the new standard the Company assesses if the carrying amount of petroleum and natural gas properties is recoverable when compared to undiscounted cash flows expected from the production of proved reserves, using expected future prices and costs plus the cost , less impairment, of unproved properties. When the carrying amount is not assessed as recoverable, an impairment loss is recognized based on the discounted cash flows expected from the production of proved plus probable reserves. Adopting Accounting Guideline 16 had no effect on the Company's financial results.

Cash flow and Net income Cash flow from operations in the third quarter grew to $5.9 million, a 14% increase over the second quarter of 2004. On a per share basis, cash flow was $0.23 per basic share and $0.20 per diluted share compared to $0.21 per basic share and $0.18 per diluted share in the second quarter of 2004. Net income increased to $2.1 million for the quarter representing a 12% increase over the second quarter of 2004 and on a per share basis was $0.08 per basic share and $0.07 per diluted share. The Company's quarter over quarter increase in cash flow from operations and net income was the result of increased sales revenue and a reduction in general and administrative costs during the third quarter. Cash flow from operations for the nine months totaled $15.8 million or $0.64 per basic share and $0.56 per fully diluted share, while net income totaled $5.6 million for the nine months or $0.23 per basic share and $0.20 per fully diluted share.

Crew evaluates performance based on net income and cash flow from operations. Cash flow from operations is a measure not based on GAAP that is commonly used in the oil and gas industry. It represents cash generated from operating activities before changes in non-cash working capital. 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.

Liquidity and Capital Resources At September 30, 2004 the Company had net working capital of $0.4 million including cash on-hand of $6.6 million. In addition, the company currently has an undrawn $22 million credit facility. The Company's strong balance sheet, available credit facility and future cash flow will adequately fund the Company's future capital expenditure plans.

As at November 10, 2004, 25,980,684 Common Shares and 1,874,000 Class C Performance Shares of the Company were outstanding, along with 223,500 options and 3,635,000 warrants to acquire Common Shares of the Company.

Operational Activity During the third quarter the Company drilled a total of 11 (10.3 net) wells resulting in 7 (6.5 net) natural gas wells, 2 (1.8 net) oil wells, and 2 (2.0 net) D&A wells. The total number of wells drilled in 2004 is 23 (19.5 net) resulting in 18 (15.5 net) gas wells, 3 (2.0 net) oil wells, and 2 (2.0 net) D&A wells. Drilling activity was complemented by the completion of the Company's compressor station at Edson and the construction of gathering lines at Viking-Kinsella which facilitated the tie-in of 5 (5.0 net) cased gas wells in the area.

Capital Expenditures Capital expenditures were $15.7 million during the third quarter and total $34.4 million for the first nine months of 2004. These expenditures are detailed below:

(000's)	Three months ended September 30, 2004	Nine months ended September 30, 2004
Land	$ 2,178	$ 4,637
Seismic	486	1,305
Drilling and completions	7,873	17,160
Facilities, equipment and pipelines	4,918	10,441
Other	256	863
Total	$ 15,711	$ 34,406

The Company's total 2004 capital budget has been increased to $55 million. Fourth quarter spending will concentrate on continued development of the Company's core areas with an emphasis on natural gas drilling at Edson, Viking-Kinsella and Wimborne in Alberta and light-oil drilling at Laprise in B.C.

Quarterly Financial Summary Crew commenced operations on September 2, 2003 upon completion of the Baytex Energy Ltd. Plan of Arrangement. Below is a summary of the Company's quarterly financial highlights since commencement of operations:

	Three months ended,				Sept. 2 to
($ thousands, except per share amounts)	Sept. 30, 2004	June 30, 2004	March 31, 2004	Dec. 31, 2003	Sept. 30, 2003
Petroleum and natural gas sales	9,194	8,328	7,459	6,086	1,500
Net income	2,064	1,840	1,686	1,258	307
Per share - basic	0.08	0.07	0.07	0.05	0.01
- diluted	0.07	0.07	0.06	0.05	0.01

Dated as of November 10, 2004

Cautionary Statement

This press release 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 cash flow. 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 those forecast.

Crew is a junior oil and gas exploration and production company whose shares are traded on The Toronto Stock Exchange under the trading symbol "CR".

Financial statements for the three and nine month periods ended September 30, 2004 are attached.

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CREW ENERGY INC.

Consolidated Balance Sheet
September 30, 2004
(thousands)

		September 30, 2004		December 31, 2003
		(unaudited)		
Assets				
Current Assets:				
Cash and short-term investments	$	**6,609**	$	7,721
Accounts receivable		**6,512**		5,848
		13,121		13,569
Future income tax asset		**-**		2,041
Property, plant and equipment (note 2)		**58,964**		30,150
	$	**72,085**	$	45,760
Liabilities and Shareholders' Equity				
Current Liabilities:				
Accounts payable and accrued liabilities	$	**12,748**	$	9,629
Asset retirement obligation (note 5)		**4,681**		3,896
Future income tax liability		**980**		-
Shareholders' Equity				
Share capital (note 4)		**45,999**		30,524
Contributed surplus		**522**		146
Retained earnings		**7,155**		1,565
		53,676		32,235
	$	**72,085**	$	45,760

See accompanying notes to the consolidated financial statements.

CREW ENERGY INC.

Consolidated Statement of Operations and Retained Earnings
(unaudited, thousands, except per share amounts)

	Three months ended September 30, 2004	September 2 to September 30, 2003	Nine months ended September 30, 2004
Revenue			
Petroleum and natural gas sales	$ **9,194**	$ 1,500	$ 24,981
Royalties (net of ARTC)	**(2,101)**	(358)	(5,718)
Other revenue	**90**	-	202
	7,183	1,142	19,465
Expenses			
Operating	**884**	232	2,398
Transportation	**213**	45	657
General and administrative	**180**	63	649
Stock-based compensation	**63**	18	188
Depletion, depreciation and accretion	**2,669**	265	6,638
	4,009	623	10,530
Income before taxes	**3,174**	519	8,935
Taxes			
Capital	**-**	4	15
Future	**1,110**	208	3,330
	1,110	212	3,345
Net income	**2,064**	307	5,590
Retained earnings, beginning of period	**5,091**	-	1,565
Retained earnings, end of period	$ **7,155**	$ 307	$ 7,155
Per share amounts (note 4(d))			
Basic	$ **0.08**	$ 0.01	$ 0.23
Diluted	$ **0.07**	$ 0.01	$ 0.20

See accompanying notes to the consolidated financial statements.

CREW ENERGY INC.

Consolidated Statement of Cash Flows
(unaudited, thousands)

	Three months ended September 30, 2004	September 2, to September 30, 2003	Nine months ended September 30, 2004
Cash provided by (used in):			
Operating activities:			
Net income	$ **2,064**	$ 307	$ 5,590
Items not involving cash:			
Depletion, depreciation & accretion	**2,669**	265	6,638
Stock-based compensation	**63**	18	188
Future income taxes	**1,110**	208	3,330
Funds flow from operations	**5,906**	798	15,746
Change in non-cash working capital	**914**	(662)	2,741
Asset retirement expenditures	**(73)**	-	(73)
	6,747	136	18,414
Financing activities:			
Issue of common shares	**-**	6,017	16,050
Share issue costs	**-**	-	(884)
	-	6,017	15,166
Investing activities:			
Exploration and development	**(15,711)**	(1,829)	(34,406)
Change in non-cash working capital	**237**	1,793	(286)
	(15,474)	(36)	(34,692)
Change in cash and short-term investments	**(8,727)**	6,117	(1,112)
Cash and short-term investments, beginning of period	**15,336**	-	7,721
Cash and short term investments, end of period	$ **6,609**	$ 6,117	$ 6,609

See accompanying notes to the consolidated financial statements.

CREW ENERGY INC.

Notes to Consolidated Financial Statements
For the nine months ended September 30, 2004
(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 period from September 2, 2003 to December 31, 2003, except as disclosed below. The disclosure which follows is incremental to the disclosure included with the September 2, 2003 to December 31, 2003 consolidated financial statements. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto in the Company's annual report for the period ended December 31, 2003.

a) Petroleum and natural gas properties:

The Company follows the full cost method of accounting for petroleum and natural gas properties, whereby all costs of exploring for and developing petroleum and natural gas properties and related reserves are capitalized. Capitalized costs include land acquisition costs, geological and geophysical expenses, cost of drilling both productive and non-productive wells, production facilities, the fair value of asset retirement obligations and related overhead.

Capitalized costs, excluding costs relating to unproven properties, are depleted using the unit-of-production method based on estimated proved reserves of oil and gas before royalties as determined by independent petroleum engineers. For purposes of the depletion calculation, natural gas reserves and production are converted to equivalent volumes of crude oil based on relative energy content of six thousand cubic feet of gas to one barrel of oil.

Petroleum and natural gas assets are evaluated in each reporting period to determine that the carrying amount in a cost centre is recoverable and do not exceed the fair value of the properties in the cost centre.

The carrying amounts are assessed to be recoverable when the sum of the undiscounted cash flows expected from the production of proved reserves, the lower of cost and market of unproved properties and the cost of major development projects exceeds the carrying amount of the cost centre. When the carrying amount is not assessed to be recoverable, an impairment loss is recognized to the extent that the carrying amount of the cost centre exceeds the sum of the discounted cash flows expected from the production of proved and probable reserves, the lower of cost and market of unproved properties and the cost of major development projects of the cost centre. The cash flows are estimated using expected future product prices and costs and are discounted using a risk-free interest rate.

Effective January 1, 2004, the Corporation adopted the new accounting standard relating to full cost accounting. The adoption of this new policy on January 1, 2004 resulted in no write-down to the carrying value of petroleum and natural gas assets. Prior to January 1, 2004 the ceiling test amount was the sum of the undiscounted cash flows expected from the production of proved reserves, the lower of cost or market of unproved properties and the cost of major development projects less estimated future costs for administration, financing, site restoration and income taxes. The cash flows were estimated using period end prices and costs.

The following table summarizes the future benchmark prices the Company used in the January 1, 2004 ceiling test:

	WTI Oil ($US/Bbl)	Foreign Exchange Rate	WTI Oil ($/Bbl)	Company Liquids ($/bbl)	AECO Gas ($/mcf)	Company Gas ($/mcf)
2004	$ 29.00	0.75	$ 38.67	$ 30.88	$ 5.85	$ 5.54
2005	$ 26.00	0.75	$ 34.67	$ 26.43	$ 5.15	$ 4.87
2006	$ 25.00	0.75	$ 33.33	$ 25.21	$ 5.00	$ 4.77
2007	$ 25.00	0.75	$ 33.33	$ 25.28	$ 5.00	$ 4.80
2008	$ 25.00	0.75	$ 33.33	$ 25.27	$ 5.00	$ 4.81
Annual escalation thereafter 1.5%						

b) Comparative information:

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

2. Property, plant and equipment:

At September 30, 2004	Cost	Accumulated depletion & depreciation	Net book value
Petroleum and natural gas properties and equipment	$ 66,541	$ 7,938	$ 58,603
Office furniture and equipment	448	87	361
	$ 66,989	$ 8,025	$ 58,964

At December 31, 2003	Cost	Accumulated depletion & depreciation	Net book value
Petroleum and natural gas properties and equipment	$ 31,530	$ 1,660	$ 29,870
Office furniture and equipment	300	20	280
	$ 31,830	$ 1,680	$ 30,150

The cost of unproven lands at September 30, 2004 of $8,841,000 has been excluded from the depletion calculation.

During the three months ended September 30, 2004, $180,000 (for the nine months ended September 30, 2004 - $649,000), of corporate expenses related to exploration and development activities was capitalized.

3. Bank facility:

Crew has a $22 million demand operating facility with a Canadian chartered bank, which is available by way of a prime rate based loan or bankers acceptances. Advances under the facility bear 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 real property and a first priority security interest in all of Crew's personal property.

Cash interest income received during the three months ended September 30, 2004 totalled $68,000 and for the nine months ended September 30, 2004, totalled $160,000.

4. Share capital:

(a) Authorized:

Unlimited number of Common Shares

1,881,000 Class C, non-voting performance shares ("performance shares")

(b) Share capital issued:

	Number of shares	Amount
Common shares,		
Balance, December 31, 2003	22,981	30,505
Shares issued	3,000	16,050
Share issue costs, net of tax		(575)
Balance, September 30, 2004	25,981	45,980
Class C performance shares,		
Balance, December 31, 2003 and September 30, 2004	1,881	19
Share capital, September 30, 2004		**$ 45,999**

(c) Stock-based compensation:

The Company measures compensation costs associated with stock-based compensation using the fair market value method and the cost is recognized over the vesting period of the underlying security. The fair value of each performance share and stock option is determined at each issue or grant date using the Black-Scholes model with the following assumptions: risk free interest rate 4.5%, expected life 4 years, and volatility 45%.

During the three months ended September 30, 2004 the Company recorded $127,000 and for the nine months ended September 30, 2004 recorded $376,000 of compensation expense related to the performance shares and stock options, of which $64,000 for the three months and $188,000 for the nine months was capitalized in accordance with the Company's full cost accounting policy.

(i) Performance shares

In conjunction with the private placement of Common Shares, the Company issued 1,881,000 performance shares to employees, officers and directors at a price of $0.01 per share. Each performance share is convertible into a fraction of a Common Share over a three-year period with the conversion rights expiring on September 1, 2007 after which, if the shares have not been converted, they are redeemed by the Company at $0.01 per share. On conversion, each performance share converts at the rate determined by subtracting $1.65 from the current market price of the Company's Common Share and dividing the result by the current market price of the Company's Common Share. The fair value of the performance shares at the date of issue, as calculated by the Black-Scholes method, is $0.67 per share.

(ii) Stock options

The Company has a fixed stock option plan in which the Company may grant options to its employees and directors for up to 417,000 Common Shares. Under this plan, the exercise price of each option equals the market price of the Company's Common Shares on the date of grant. All granted options vest over a three-year period and have a four-year term. Stock options are granted periodically throughout the year.

During the nine month period ended September 30, 2004, 97,500 stock options were granted to Crew employees with an average exercise price of $5.61. During the same period, 120,000 options at an average price of $3.75 were cancelled. At September 30, 2004, 133,500 stock options were outstanding with a weighted average remaining term of 3.8 years, a weighted average price of $5.04 and none of the options had vested. The fair value of the stock options granted during the period as calculated by the Black-Scholes method is $2.28 per share.

(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 months ended September 30, 2004 was 25,981,000 and for the nine months ended September 30, 2004 was 24,514,000.

In computing diluted earnings per share for the three months ended September 30, 2004, 3,777,000 and for the nine months ended September 30, 2004, 3,583,000 shares were added to the weighted average number of common shares outstanding for the dilution added by the warrants, performance shares and stock options.

5. Asset retirement obligations

The total future asset retirement obligation was determined by management and was based on Crew's net ownership interest, the estimated future cost to reclaim and abandon the Company's wells and facilities and the estimated timing of when the costs will be incurred. Crew has estimated the net present value of its total asset retirement obligation to be $4,681,000 as at September 30, 2004 based on a total future liability of $9,369,000. These payments are expected to be made over the next 33 years. A ten percent interest rate and two percent inflation rate were used to calculate the present value of the asset retirement obligation.

The following table reconciles Crew's asset retirement obligations:

Carrying amount, beginning of period	$	3,896
Increase in liabilities during the period		565
Accretion expense		293
Actual expenditures		(73)
Carrying amount, end of period	$	4,681