Interim Report

Q2 2021 Second Quarter ending June 30, 2021

crew energy inc.

Crew Energy Inc. (TSX: CR) ("Crew" or the "Company") is pleased to announce our operating and financial results for the three and six month periods ended June 30, 2021, and the release of our inaugural Environmental, Social and Governance ("ESG") Report.

Two-year sustainability plan on track[1]: Crew is now targeting adjusted funds flow ("AFF")[3] in 2021 and 2022 between $310 and $350 million on spending of $220 to $265 million, supporting the generation of $95 to $140 million of 2022 annual AFF[3] in excess of capital expenditures. These updated targets are based on estimated future commodity prices, and are expected to result in last-twelve month ("LTM") EBITDA[3] to debt of 1.3 to 1.5x at the end of 2022.

"In the second quarter of 2021, we continued steadfast in the advancement of our two-year plan, designed to increase the pace of development of our world-class Montney resource, with a goal to optimize throughput of our 40,000 boe per day infrastructure capacity and improve debt metrics," said Dale Shwed, President and CEO of Crew. "We are excited to continue with our plan to increase production, reduce unit costs to expand margins and to create sustainable value for all stakeholders, while playing an important role in the production of responsible energy. Today we are proud to unveil Crew's inaugural ESG Report, presented in digital format as a reflection of our commitment to adopt new technologies while adapting to the evolving needs of our stakeholders. Join us on our ESG journey here."

Q2 2021 HIGHLIGHTS

- **26,712 boe per day**[2] (160.3 mmcfe per day) average production in Q2/21, a 21% increase over Q2/20. First half 2021 volumes averaged 26,486 boe per day[2] (158.9 mmcfe per day), a 15% increase over the same period in 2020.
- **$25.5 million of AFF**[3] ($0.16 per fully diluted share) was generated in the quarter, a 451% increase over Q2/20, with year-over-year growth being bolstered by higher production, lower cash costs and a significantly improved commodity price environment. First half 2021 AFF[3] of $59.5 million ($0.37 per share) was nearly 3.5 times higher than the first half of 2020.
- **16% reduction in net operating costs**[3] in Q2/21, totaling $4.79 per boe in the quarter compared to $5.68 per boe in Q2/20, reflecting new production added at West Septimus which yields lower net operating costs, combined with improved operational efficiencies. General and administrative ("G&A") costs of $0.93 per boe for the first half of 2021 were 3% lower than the same period in the prior year.
- **$21.2 million of net capital expenditures**[3] in Q2/21**,** above our previously forecast range of $15 to $18 million, due to favorable spring break-up conditions that allowed for an early start to our capital program in June. The majority of expenditures were directed towards the continued development at Septimus and West Septimus ("Greater Septimus"), with $10.4 million invested in drilling and completions, $8.5 million directed to facilities, equipment and pipelines, and $2.3 million on land, seismic and other miscellaneous items.
- **Four natural gas wells** were drilled in Q2/21 at West Septimus, and three oil wells were recompleted in the Lloydminster area. The four ultra-extended reach horizontal ("U-ERH") natural gas wells have a combined average lateral length exceeding 3,800 metres, with one of the wells being drilled to a total measured depth of 6,425 metres, the longest in the Company's history.

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[1] Crew's plans for 2022 and associated targets remain preliminary in nature and do not reflect a Board approved capital expenditures budget. See table in the Advisories for key budget and underlying material assumptions related to Crew's development plan and associated guidance.

[2] See table in the Advisories for production breakdown by product type as defined in NI 51-101.

[3] Non-IFRS measure that does not have any standardized meaning as prescribed by International Financial Reporting Standards, and therefore, may not be comparable with the calculations of similar measures for other entities. See "Advisories - Non-IFRS Measures" contained within this report.

- **$373.1 million of net debt**[4] at June 30, 2021, in-line with the prior quarter, with no near-term maturities and no financial covenants or repayment requirements on the $300 million of senior notes termed out until 2024, and 43% drawn on our $150 million credit facility. Crew's strengthening financial prospects and improved liquidity in North American bond markets have improved the potential for refinancing of the notes prior to their maturity in 2024.

FINANCIAL & OPERATING HIGHLIGHTS

FINANCIAL ($ thousands, except per share amounts)	**Three months ended June 30, 2021**	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Petroleum and natural gas sales	**68,550**	24,889	**154,067**	62,983
Adjusted funds flow [1]	**25,530**	4,633	**59,525**	17,033
Per share – basic	**0.17**	0.03	**0.39**	0.11
- diluted	**0.16**	0.03	**0.37**	0.11
Net loss	**(23,138)**	(24,803)	**(21,785)**	(216,712)
Per share – basic	**(0.15)**	(0.16)	**(0.14)**	(1.42)
- diluted	**(0.15)**	(0.16)	**(0.14)**	(1.42)
Exploration and development expenditures	**21,198**	5,348	**71,288**	23,377
Property acquisitions (net of dispositions)	**-**	44	**-**	(34,896)
Net capital expenditures	**21,198**	5,392	**71,288**	(11,519)

Capital Structure ($ thousands)	**As at June 30, 2021**	As at Dec. 31, 2020
Working capital deficiency [1]	**11,282**	24,361
Bank loan	**64,515**	35,994
	75,797	60,355
Senior Unsecured Notes	**297,343**	296,851
Total net debt [1]	**373,140**	357,206
Common shares outstanding (thousands)	**156,557**	156,449

Notes:

(1) Non-IFRS measure that does not have any standardized meaning as prescribed by International Financial Reporting Standards, and therefore, may not be comparable with the calculations of similar measures for other entities. See "Advisories - Non-IFRS Measures" contained within this report.

[4] Non-IFRS measure that does not have any standardized meaning as prescribed by International Financial Reporting Standards, and therefore, may not be comparable with the calculations of similar measures for other entities. See "Advisories - Non-IFRS Measures" contained within this report.

Operations	**Three months ended June 30, 2021**	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Daily production				
Light crude oil (bbl/d) [1]	**171**	191	**163**	203
Heavy crude oil (bbl/d)	**1,153**	1,175	**1,104**	1,351
Natural gas liquids ("ngl") [2] (bbl/d)	**2,687**	2,147	**2,545**	2,218
Condensate (bbl/d)	**3,019**	2,634	**2,864**	2,987
Conventional natural gas (mcf/d)	**118,089**	95,564	**118,858**	97,354
Total (boe/d @ 6:1)	**26,712**	22,074	**26,486**	22,985
Average prices [3]				
Light crude oil ($/bbl)	**71.65**	24.04	**68.02**	35.05
Heavy crude oil ($/bbl)	**60.03**	18.08	**56.54**	19.20
Natural gas liquids ($/bbl)	**11.85**	7.74	**12.65**	6.26
Condensate ($/bbl)	**75.36**	23.69	**72.72**	41.10
Conventional natural gas ($/mcf)	**3.49**	1.76	**4.52**	1.81
Oil equivalent ($/boe)	**28.20**	12.39	**32.14**	15.06

Notes:

(1) The Company does not have any medium crude oil as defined by NI 51-101.

(2) Throughout this news release, natural gas liquids ("ngl") comprise all natural gas liquids as defined in National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities ("NI 51-101"), other than condensate, which is disclosed separately, and natural gas means conventional natural gas by NI 51-101 product type.

(3) Average prices are before deduction of transportation costs and do not include realized gains and losses on derivative financial instruments.

	Three months ended June 30, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Netback ($/boe)				
Petroleum and natural gas sales	**28.20**	12.39	**32.14**	15.06
Royalties	**(1.91)**	(0.46)	**(2.06)**	(0.74)
Realized commodity hedging (loss) gain	**(3.46)**	3.34	**(5.37)**	2.51
Marketing loss [1]	**-**	(0.26)	**-**	(0.07)
Net operating costs [2,3]	**(4.79)**	(5.68)	**(4.72)**	(5.70)
Transportation costs	**(4.10)**	(3.42)	**(4.13)**	(3.31)
Operating netback [3]	**13.94**	5.91	**15.86**	7.75
G&A	**(0.93)**	(0.76)	**(0.93)**	(0.96)
Financing costs on long-term debt	**(2.51)**	(2.85)	**(2.51)**	(2.71)
Adjusted funds flow [3]	**10.50**	2.30	**12.42**	4.08

Notes:

(1) Marketing income was recognized from the monetization of forward physical sales contracts offset by the cost of committed natural gas transportation that was not available during the period.

(2) Net operating costs are calculated as gross operating costs less processing revenue.

(3) Non-IFRS measure that does not have any standardized meaning as prescribed by International Financial Reporting Standards, and therefore, may not be comparable with the calculations of similar measures for other entities. See "Advisories - Non-IFRS Measures" contained within this report.

SUSTAINABILITY AND ESG INITIATIVES

Crew's commitment to progressing our ESG initiatives remained a primary focus in Q2/21, as we continued to invest in finding sustainable solutions and initiatives to ensure corporate growth while also supporting our diverse group of stakeholders and the environment. Crew is proud to have released our inaugural 2020 ESG report today along with the launch of a new corporate website. Please visit us at www.crewenergy.com to learn more, and to see a full list of our new ESG goals and targets.

- Crew's 2020 ESG report highlights our efforts to:
    - **Apply innovation** and increase operational efficiencies to **reduce emissions**; an example of which is the installation of a waste heat recovery unit at our West Septimus plant that is expected to reduce GHG emissions by over 10% at the facility. Crew gratefully acknowledges assistance from the Province of British Columbia's CleanBC Industry Fund for their support of this project.
    - **Reduce our environmental footprint** through responsible pad development and abandonment and reclamation activities.
    - **Strengthen existing relationships** and **foster new relationships** in the communities in which we live and work.
    - **Protect our "crew"** through robust health and safety standards and protocols.
- Crew continued to participate in provincially funded dormant well programs, abandoning 27 wells in Q2/21. Crew expects to abandon approximately 16% of the Company's idle wells during 2021.
- In Q2/21, Crew's regulatory compliance record remained strong, achieving a 95% compliance rating with 137 regulatory inspections completed across the three provinces in which we operate.
- No workforce recordable or lost time injuries occurred, and zero reportable spills occurred in Q2/21.

TWO-YEAR PLAN UPDATE[6]

During the second quarter of 2021, Crew advanced our two-year development plan that was announced in late 2020, with annual production trending in-line and AFF trending higher than initial guidance.

- **Production Growth** – Q2/21 production averaged 26,712 boe per day[5], within the previously announced forecasted annual average 2021 range of 26,000 to 28,000 boe per day, representing another period of growth supported by new completions and continued drilling. Average annual production in 2022 is now targeted to be 32,000 to 34,000 boe per day[5,6], up from initial estimates of 31,000 to 33,000 boe per day.
- **AFF Supported by Improved Pricing Environment** – AFF[8] of $59.5 million in the first half of 2021 has been bolstered by an improved commodity price environment which has continued into the second half of 2021. Our full year 2021 AFF[8] forecast has been increased to between $120 to $140 million which compares to initial guidance between $85 to $105 million. Full year AFF[7,8] in 2022 is now targeted at $190 to $210 million, an increase from initial estimates of $120 to $150 million.
- **Capital Program Expanded** – Our initial 2021 capital program of $120 to $145 million contemplated the drilling of 19 wells and completing between 14 wells and 21 wells, with an exit rate of over 30,000 boe per day. Updated guidance of $150 to $170 million of capital expenditures with an exit rate of over 32,500 boe per day[9] now includes the drilling of 21 wells and the completion of 21 wells. The two additional wells are planned to be drilled on the 4-14 pad at North Septimus, and three wells at Groundbirch that were drilled in Q1/21 are planned to be completed, equipped and tied-in through a new six kilometre 12-inch pipeline connecting to our West Septimus gathering system. Production related to the incremental capital expenditures will start later in the fourth quarter of 2021 and will allow the Company to utilize services in a time of less demand and increase volumes into the winter heating season, providing production momentum entering 2022. Crew's targeted capital expenditures in 2022 remain at $70 to $95 million[7].

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[5] See table in the Advisories for production breakdown by product type as defined in NI 51-101.
[6] Crew's plans for 2022 and associated targets remain preliminary in nature and do not reflect a Board approved capital expenditures budget.

- **Reduced Costs** – Crew's plan to reduce unit costs by over 25% is largely based on increasing production volumes into existing infrastructure, as over 50% of the Company's expenses are fixed. As production increases, per unit costs associated with operating, transportation, G&A and interest expenses are targeted to decline from $13.19 per boe in 2020 to between $9.50 and $10.50 per boe in 2022[7]. Crew has reduced net operating costs from $5.70 per boe in H1/20 to $4.72 per boe in H1/21.
- **Balanced Hedging Program** – An important step in executing our two-year plan was to prudently ensure the Company had adequate AFF to execute our planned capital programs, and as such, we have embarked on an active risk management program. Crew currently has over 55% of forecast 2021 natural gas production hedged at an average price of $2.48 per Gigajoule ("GJ") (or $3.08 per mcf calculated using Crew's heat content factor), while approximately 35% of targeted natural gas production for 2022 is hedged at an average price of $2.47 per GJ (or $3.06 per mcf using Crew's heat content factor). Crew also has approximately 65% of our 2021 condensate production hedged at $61.24 per bbl, and 50% of our heavy oil production hedged at $46.00 per bbl, with limited 2022 liquids hedging currently in place.
- **Forecasted Debt Reduction Metrics Ahead of Plan** – Crew's original projection in the two-year plan was for debt to LTM EBITDA[8] to be between 2.0 and 2.5x at the end of 2022[7], and this is now projected to be between 1.3 and 1.5x.

OPERATIONS & AREA OVERVIEW

NE BC Montney (Greater Septimus)

- Production at Greater Septimus totaled 23,062 boe per day[9] in Q2/21, in line with the prior quarter and a 24% increase year-over-year, supported by Crew's 3-32 pad which came on-stream mid-April and is flowing through permanent facilities.
- Favorable spring break-up conditions allowed for an advanced start to Crew's second quarter capital program, allowing for the successful drilling of four U-ERH wells on the Company's 4-14 pad. The four wells drilled achieved a combined average lateral length exceeding 3,800 metres, with one of the wells being drilled to a total measured depth of 6,425 metres, the longest in the Company's history.
- Crew commenced construction of a five-kilometre 12-inch trunkline into North Septimus to allow for further development into that area, which is expected to represent another extension of the West Septimus ultra condensate rich play. Crew's 4-14 pad will be the anchor development in this area, with completion operations expected to commence in late Q3/21 on the first group of wells on this ten well pad.
- Mobilization towards the completion of seven wells on the Company's 1-8 pad at Greater Septimus started earlier than anticipated, with fracturing operations having commenced on the pad in early July. These wells have since been completed and are now flowing back at encouraging initial rates.
- Crew has 118 permitted well authorizations in the Montney in northeast BC, and with our current pace of development, would require five to six years to develop. The Company also has 277 sections of land that are on private property or are outside of the region claimed in an action by the Blueberry River First Nation against the province of British Columbia. Crew continues to foster strong relationships in the communities in which we live and work and we are proud to work together to achieve common objectives.

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[7] See table in the Advisories for key budget and underlying material assumptions related to Crew's development plan and associated guidance.
[8] Non-IFRS measure that does not have any standardized meaning as prescribed by International Financial Reporting Standards, and therefore, may not be comparable with the calculations of similar measures for other entities. See "Advisories - Non-IFRS Measures" contained within this report.
[9] See table in the Advisories for production breakdown by product type as defined in NI 51-101.

Other NE BC Montney

- At Groundbirch, Crew has elected to increase the scope of our 2021 budget. The Company now expects to complete and tie-in the three land tenure extension wells that were drilled in Q1/21, which was not originally planned in the 2021 budget. If successful, these wells would help de-risk over 35,000 acres of prospective Montney acreage and provide confidence in another core area of future development where the Company has over 300 potential extended reach horizontal ("ERH") well locations[10] identified.
    - The Company has begun construction of a six-kilometre 12-inch pipeline in Q3/21 in anticipation of these wells being completed in the fourth quarter of 2021, with production being routed to our West Septimus gas plant.
- Crew continues to evaluate encouraging offset operator activity in the Attachie and Oak/Flatrock areas.

Lloydminster Heavy Oil

- During the second quarter, Crew recompleted three heavy crude oil wells in the Lloydminster area to optimize value creation from existing assets and capitalize on an improved outlook for heavy crude oil prices.
- In Q2/21, Crew successfully executed 27 well abandonments in the Lloydminster area.

OUTLOOK[11]

- **Updated Full Year 2021 Guidance Designed to:**
    - Invest in capital projects with robust rates of return and payouts of less than 12 months, which can be supported by an active hedging program and by producing flush volumes into the winter heating season while maintaining the option to rapidly pivot in response to changing market conditions;
    - Respond to positive market conditions by expediting our goal of optimizing transportation and processing capacity through an expansion of the 2021 capital program to include the completion, equipping and six-kilometre tie-in of three Groundbirch wells and the drilling of two additional wells at our North Septimus 4-14 pad;
    - Validate the future development potential of two strategic areas at Groundbirch and North Septimus;
    - Test new zones in the Upper Montney "C" and the Lower Montney at the North Septimus 4-14 pad, evaluating their long-term future development potential; and
    - Enter 2022 with five drilled and uncompleted wells.

	New 2021 Guidance	**Initial 2021 Guidance[1]**	**New 2022 Guidance[3]**	**Initial 2022 Guidance[1]**
Annual Production (boe/d)	**26,000 to 28,000**	26,000 to 28,000	**32,000 to 34,000**	31,000 to 33,000
Exit Production (boe/d)	**>32,500**	>30,000		
Capital Expenditures ($MM)	**$150 to $170**	$120 to $145	**$70 to $95**	$70 to $95
AFF[2]	**$120 to $140**	$85 to $105	**$190 to $210**	$120 to $150
Wells Drilled	**21**	19		
Wells Completed	**21**	14 to 21		

Notes:
(1) Initial guidance provided in the December 10, 2020, Capital Budget press release.
(2) Non-IFRS measure that does not have any standardized meaning as prescribed by International Financial Reporting Standards, and therefore, may not be comparable with the calculations of similar measures for other entities. See "Advisories - Non-IFRS Measures" contained within this report.
(3) Crew's plans for 2022 and associated targets remain preliminary in nature and do not reflect a Board approved capital expenditures budget.

[10] See 'Drilling Locations' in the Advisories.
[11] See table in the Advisories for key budget and underlying material assumptions related to Crew's development plan and associated guidance.

- **Q3 2021 Production & Capital Expenditures** – During Q3/21, scheduled plant turnarounds, including at our West Septimus facility for the installation of a waste heat recovery unit, coupled with shut-in production volumes related to adjacent well completions, will result in lower average volumes during the period as compared to Q2 and Q1, with volumes anticipated to range between 20,000 and 22,000 boe per day[12] and capital spending forecast at $60 to $70 million in the quarter. This was budgeted in Crew's full year 2021 plans and is not expected to impact full year average volumes as fourth quarter production volumes are expected to average over 30,000 boe per day[12].
- **Debt Reduction Advanced** – Based on projected capital spending, current forward commodity prices and the production assumptions outlined in Crew's most recent Corporate Presentation, we expect that debt metrics will improve to between 1.3 and 1.5x LTM EBITDA[13] by the end of 2022[14], compared to initial estimates of 2.0 and 2.5x, representing a 38% improvement at the midpoint.

As global markets recover from the impact of the COVID-19 pandemic and demand for energy increases, Crew anticipates that Canadian natural gas will play an increasingly important role in the global energy mix as the world looks to diversify energy sources and reduce emissions. Accordingly, we remain excited to execute on our business plan to produce responsible energy while creating meaningful value and corporate growth. We thank all of our stakeholders, including employees, directors, partners, communities and shareholders, for their contribution and dedication to the success of Crew.

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[12] See table in the Advisories for production breakdown by product type as defined in NI 51-101.
[13] Non-IFRS measure that does not have any standardized meaning as prescribed by International Financial Reporting Standards, and therefore, may not be comparable with the calculations of similar measures for other entities. See "Advisories - Non-IFRS Measures" contained within this report.
[14] See table in the Advisories for key budget and underlying material assumptions related to Crew's development plan and associated guidance.

ADVISORIES

Non-IFRS Measures

Certain financial measures referred to in this report, such as adjusted funds flow or AFF, EBITDA, operating netback, net capital expenditures, net debt, net operating costs and working capital deficiency and are not prescribed by IFRS. Crew uses these measures to help evaluate its financial and operating performance as well as its liquidity and leverage. These non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers.

"Adjusted funds flow" or "AFF", presented herein is equivalent to funds from operations before decommissioning obligations settled. The Company considers this metric as a key measure that demonstrate the ability of the Company's continuing operations to generate the cash flow necessary to maintain production at current levels and fund future growth through capital investment and to service and repay debt. Crew also presents AFF per share in this presentation whereby per share amounts are calculated using fully diluted shares outstanding.

"EBITDA" is calculated as consolidated net income (loss) before interest and financing expenses, income taxes, depletion, depreciation and amortization, adjusted for certain non-cash, extraordinary and non-recurring items primarily relating to unrealized gains and losses on financial instruments and impairment losses. Crew utilizes EBITDA as a measure of operational performance and cash flow generating capability. EBITDA impacts the level and extent of funding for capital projects investments. This measure is consistent with the EBITDA formula prescribed under the Company's Credit Facility and allows Crew and others to assess its ability to fund financing expenses, net debt reductions and other obligations.

"Operating Netbacks" equals petroleum and natural gas sales including realized gains and losses on commodity related derivative financial instruments, marketing income, less royalties, net operating costs and transportation costs calculated on a boe basis. Management considers operating netback an important measure to evaluate its operational performance as it demonstrates its field level profitability relative to current commodity prices. The calculation of Crew's netbacks can be seen under "Operating Netbacks" within the Company's most recently filed MD&A."

"Net Capital Expenditures" equals exploration and development expenditures plus property acquisitions or less property dispositions.

"Net Debt" is defined as bank debt plus working capital deficiency or surplus, excluding the current portion of the fair value of financial instruments.

"Net Operating Costs" equals operating costs net of processing revenue.

"Working Capital Surplus (Deficiency)" equals current assets less current liabilities and derivative financial instruments.

Please refer to Crew's most recently filed MD&A for additional information relating to Non-IFRS measures including a reconciliation of AFF to its most closely related IFRS measure. The MD&A can be accessed either on Crew's website at www.crewenergy.com or under the Company's profile on www.sedar.com.

Forward-Looking Information and Statements

This news release contains certain forward–looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" "forecast" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this news release contains forward-looking information and statements pertaining to the following: the ability to execute on its two-year development plan as described herein; as to our plan to optimize and increase production and infrastructure utilization, reduce unit costs and enhance margins, increase AFF and improve leverage metrics; our Q3 2021, Q4 2021 and 2021 annual capital budget range and associated drilling and completion plans and associated guidance; preliminary capital plans and targets for 2022; the planned construction of 12-inch pipelines in the Groundbirch and Septimus areas; the completion and tie-in of three land tenure extension wells that were drilled in Q1/21; production estimates including forecast Q3, Q4 and 2021 annual average and exit production volumes; preliminary 2022 targets and estimates; commodity price expectations including Crew's estimates of natural gas pricing exposure; Crew's commodity risk management programs and future hedging opportunities; well abandonment plans; marketing and transportation and processing plans and requirements; estimates of processing capacity and requirements; future liquidity and financial capacity; future results from operations and operating and leverage metrics; anticipated reductions in expenses and associated estimates including forecast unit costs in 2022; expected debt metric improvements to between 1.3x and 1.5x

LTM EBITDA; strong capital efficiencies and enhanced returns going forward; the potential impact of COVID-19 as well as government programs associated with COVID-19; world supply and demand projections and long-term impact on pricing; future development, exploration, acquisition and disposition activities (including drilling and completion plans, anticipated on-stream dates and associated development timing and cost estimates); the potential of our Groundbirch area to be a core area of future development and the number of potential wells to be drilled; infrastructure investment plans; the successful implementation of our ESG initiatives; achievement of key ESG goals and targets; the amount and timing of capital projects; and anticipated improvement in our long-term sustainability including the improved potential for refinancing our senior notes prior to maturity in 2024 and the expected positive attributes discussed herein attributable to our two-year development plan.

The internal projections, expectations, or beliefs underlying our Board approved 2021 capital budget and associated guidance, as well as management's preliminary estimates and targets in respect of plans for 2022 and beyond, are subject to change in light of the impact of the COVID-19 pandemic, and any related actions taken by businesses and governments, ongoing results, prevailing economic circumstances, commodity prices, and industry conditions and regulations. Crew's financial outlook and guidance provides shareholders with relevant information on management's expectations for results of operations, excluding any potential acquisitions or dispositions, for such time periods based upon the key assumptions outlined herein. In this report reference is made to the Company's longer range 2022 and beyond internal plan and associated economic model, targets and preliminary guidance. Such information reflects internal targets used by management for the purposes of making capital investment decisions and for internal long-range planning and budget preparation. Readers are cautioned that events or circumstances could cause capital plans and associated results to differ materially from those predicted and Crew's guidance for 2021 and beyond may not be appropriate for other purposes. Accordingly, undue reliance should not be placed on same.

In addition, 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: that Crew will continue to conduct its operations in a manner consistent with past operations; results from drilling and development activities consistent with past operations; the quality of the reservoirs in which Crew operates and continued performance from existing wells; the continued and timely development of infrastructure in areas of new production; the accuracy of the estimates of Crew's reserve volumes; certain commodity price and other cost assumptions; continued availability of debt and equity financing and cash flow to fund Crew's current and future plans and expenditures; the impact of increasing competition; the general stability of the economic and political environment in which Crew operates; the general continuance of current industry conditions; 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.

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: the continuing and uncertain impact of COVID-19; changes in commodity prices; changes in the demand for or supply of Crew's products, the early stage of development of some of the evaluated areas and zones the potential for variation in the quality of the Montney formation; interruptions, unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates; climate change regulations, 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 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).*

This report contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Crew's prospective capital expenditures, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. The actual results of operations of Crew and the resulting financial results will likely vary from the amounts set forth in this report and such variation may be material. Crew and its management believe that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments. However, because this information is subjective and subject to numerous risks, it should not be relied on as necessarily indicative of future results. Except as required by applicable securities laws, Crew undertakes no obligation to update such FOFI. FOFI contained in this report was made as of the date of this report and was provided for the purpose of providing further information about Crew's anticipated future business operations. Readers are cautioned that the FOFI contained in this report should not be used for purposes other than for which it is disclosed herein.

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.

Key Budget and Underlying Material Assumptions[1]

	2021 (Updated)[3]	2022 (Updated)[3,4]
Capital Expenditures ($MM)	150-170	70-95
Annual Average Production (boe/d)	26,000 – 28,000	32,000-34,000
Adjusted Funds Flow ($MM)	120-140	190-210
EBITDA[2] ($MM)	145-165	214-234
Oil price (WTI)($US per bbl)	$66.00	$65.00
WCS price ($C per bbl)	$66.50	$65.00
Natural gas price (AECO 5A) ($C per mcf)	$3.40	$3.15
Natural gas price (NYMEX) ($US per mmbtu)	$3.35	$3.40
Natural gas price (Crew est. wellhead) ($C per mcf)	$4.60	$3.90
Foreign exchange ($US/$CAD)	$0.80	$0.80
Royalties	5-7%	4-6%
Net operating costs[2] ($ per boe)	$4.75-$5.25	$4.25-$4.75
Transportation ($ per boe)	$3.50-$4.00	$2.25-$2.75
G&A ($ per boe)	$0.90-$1.10	$0.80-$1.00
Interest rate – bank debt	6.0%	6.0%
Interest rate – high yield	6.5%	6.5%

Notes:

(1) The actual results of operations of Crew and the resulting financial results will likely vary from the estimates and material underlying assumptions set forth in this guidance by the Company and such variation may be material. The guidance and material underlying assumptions have been prepared on a reasonable basis, reflecting management's best estimates and judgments.

(2) Non-IFRS measure that does not have any standardized meaning as prescribed by International Financial Reporting Standards, and therefore, may not be comparable with the calculations of similar measures for other entities. See "Non-IFRS Measures" contained within this Report.

(3) See the Guidance section of the Company's most recently filed Management's Discussion and Analysis for additional information regarding updated guidance and material assumptions.

(4) Crew's plans for 2022 and associated targets *remain preliminary in nature and do not reflect a Board approved capital expenditures budget.*

Supplemental Information Regarding Product Types

The following is intended to provide the product type composition for each of the boe/d production figures provided herein, where not already disclosed within tables above:

Corporate Production Volume Breakdown[2]

	Crude Oil[1]	Natural gas liquids[3]	Condensate	Conventional Natural gas	Total (boe/d)
2021 Q2 Greater Septimus Average	0%	11%	13%	76%	23,062
2021 Q2 Average	5%	10%	11%	74%	26,712
2021 Q3 Average	6%	10%	9%	75%	20,000-22,000
2021 Q4 Average	3%	9%	10%	77%	>30,000
2021 H1 Average	5%	10%	11%	74%	26,486
2021 Annual Average	5%	10%	10%	75%	26,000-28,000
2021 Exit Rate	3%	8%	11%	78%	>32,500
2022 Annual Average	4%	9%	9%	78%	32,000-34,000

Notes:
(1) Crude oil is comprised primarily of Heavy crude oil, with an immaterial portion of Light and Medium crude oil.
(2) With respect to forward looking production guidance, given the potential for variability in actual product type results, the issuer approximates percentages for budget planning purposes based on management's reasonable assumptions including, without limitation, historical well results.
(3) Excludes condensate volumes which have been reported separately.

Drilling Locations

This report discloses an estimate of over 300 potential ERH well locations identified by management in the Company's Groundbirch area of operations which are comprised of: (i) 8 proved locations; and (ii) 294 unbooked locations. Proved locations are derived from the Company's independent reserves evaluation effective December 31, 2020 and account for drilling inventory that have associated proved reserves assigned by Sproule. Unbooked locations are internally identified potential drilling opportunities based on the Company's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have reserves or resources attributed to them and are not estimates of drilling locations which have been evaluated by a qualified reserves evaluator performed in accordance with the COGE Handbook. There is no certainty that the Company will drill any of these potential drilling opportunities and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked locations are expected to be de-risked by drilling in relative close proximity to existing wells, other unbooked drilling locations are further away from existing wells where management has less information about the characteristics of the reservoir and, therefore, there is more uncertainty whether wells will ultimately be drilled in such locations.

BOE and MMCFE Conversions

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

Crew is a growth-oriented oil and natural gas producer, committed to pursuing sustainable per share growth through a balanced mix of financially and socially responsible exploration and development complemented by strategic acquisitions. The Company's operations are primarily focused in the vast Montney resource, situated in northeast British Columbia, and include a large contiguous land base. Greater Septimus along with Groundbirch and the light oil area at Tower in British Columbia offer significant development potential over the long-term. The Company has access to diversified markets with operated infrastructure and access to multiple pipeline egress options. Crew adheres to safe and environmentally responsible operations while remaining committed to sound ESG practices that underpin Crew's fundamental business tenets. Crew's common shares are listed for trading on the Toronto Stock Exchange ("TSX") under the symbol "CR".

MANAGEMENT'S DISCUSSION AND ANALYSIS

ABOUT CREW

Crew Energy Inc. ("Crew" or the "Company") is a, liquids-rich natural gas producer, committed to pursuing sustainable per share growth through a balanced mix of financially responsible exploration and development complemented by strategic acquisitions. The Company's operations are primarily focused in the vast Montney resource, situated in northeast British Columbia ("NE BC"), and include a large contiguous land base. Crew's liquids-rich natural gas areas of Septimus and West Septimus ("Greater Septimus") and Groundbirch in British Columbia offer significant development potential over the long-term. The Company has access to diversified markets with operated infrastructure and access to multiple pipeline egress options. Crew adheres to safe and environmentally responsible operations while remaining committed to sound environmental, social and governance ("ESG") practices which underpin Crew's fundamental business tenets. Crew's common shares are listed for trading on the Toronto Stock Exchange ("TSX") under the symbol "CR".

BASIS OF PRESENTATION

Management's discussion and analysis ("MD&A") is the explanation of the financial performance for the period covered by the financial statements along with an analysis of the financial position of the Company. Comments relate to and should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the three and six months period ended June 30, 2021 and 2020. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). There have been no significant changes to the critical estimates disclosed in the Company's audited financial statements for the year ended December 31, 2020. All figures provided herein and in the June 30, 2021 unaudited condensed interim consolidated financial statements are reported in Canadian dollars ("CDN"). This MD&A is dated August 4, 2021.

RESULTS OF OPERATIONS

Quarterly Overview

The advancement of the Company's two-year development plan slowed, as planned, during the second quarter of 2021 due to the annual spring break-up. Capital expenditures totaled $21.2 million, above our guidance of $15 to $18 million as favorable spring weather in NE BC allowed Crew to start summer drilling and completion operations earlier than planned. During the quarter, Crew drilled four Montney wells at West Septimus, began completion operations on the eight well, 1-8 pad at West Septimus and recompleted three heavy crude oil wells in the Lloydminster area.

Production in the second quarter increased to 26,712 boe per day, a 2% increase over the first quarter of 2021. Production for the quarter was supported by the addition of six liquids rich natural gas wells on the 3-32 pad at West Septimus, completed in the first quarter of 2021, and the seven West Septimus wells on the 9-5 pad that were completed in the fourth quarter of 2020.

Crew's second quarter petroleum and natural gas sales per boe decreased 22% over the first quarter of 2021 to $28.20 per boe. Overall, commodity prices continued to strengthen during the second quarter due to a global economic recovery, boosted by the roll-out of COVID-19 vaccinations and the belief that the end of the pandemic related shutdowns are nearing an end. Commodity prices were also bolstered by the continued support by OPEC+ market balancing oil quotas and the discipline shown by North American oil and gas producers to limit capital spending on new production. The price of the benchmark Canadian dollar denominated West Texas Intermediate ("WTI") increased 11% compared to the first quarter of 2021 and the price of Canadian dollar Henry Hub natural gas increased 2% as compared to the first quarter of 2021. However, a 10 day severe cold weather event in February 2021 caused a significant spike in natural gas prices in the company's Chicago Interstates market, resulting in Crew's first quarter natural gas price significantly outperforming all major indices. Natural gas prices in the Chicago Interstates market returned to normal price levels in the second quarter of 2021.

Crew's combined liquids pricing, including crude oil, condensate and natural gas liquids ("ngl"), increased 7% in the quarter, consistent with the 11% increase in the underlying price of North American oil, represented by Canadian dollar denominated West

Texas Intermediate ("WTI"). The Company's natural gas price decreased by 37% as compared to the previous quarter, the result of the Company's first quarter natural gas price benefitting from the previously mentioned February weather event.

Crew's adjusted funds flow ("AFF") equated to $25.5 million, a 25% decrease over the first quarter of 2021, primarily as a result of the first quarter of 2021 benefitting from the Company's natural gas price outperformance. Crew's quarter-over-quarter per unit cash costs declined 2% in the second quarter, with declines in per unit royalties and transportation, partially offset by slightly higher operating costs due to spring breakup. The royalty decrease was linked to the sliding scale nature of royalty rates that decreased with lower natural gas prices. Crew continues to focus on improving margins through reduced per unit costs resulting from lower charges for unutilized processing and transportation costs.

Crew's financial position remains strong with 43% drawn on the Company's $150 million revolving bank facility. The bank facility was extended for an additional year during the second quarter with the renewal extending to June of 2022. The Company's $300 million, 6.5%, unsecured notes remain outstanding with a maturity in March of 2024. The Company's strengthening financial prospects and improved liquidity in North American bond markets has improved the outlook for the potential refinancing of the Company's notes prior to their maturity in 2024.

Responding to the Novel Coronavirus ("COVID-19")

The full extent of the impact of the COVID-19 pandemic on the Company's operations and future financial performance is currently unknown. It will depend on future developments that are uncertain and unpredictable, including the duration and spread of COVID-19, its continued impact on financial markets on a macro-scale and any new information that may emerge concerning the effectiveness of available vaccines and the severity and spread of the virus and its variants. The pandemic presents uncertainty and risk with respect to the Company, its performance, and the estimates and assumptions used by management in the preparation of its financial results. Crew believes the measures it has taken will provide it with the financial capability to execute on its business plan, deliver safe and reliable operations and continue to build its sustainable business.

Production[1]

	Three months ended June 30, 2021	Three months ended March 31, 2021
Crude oil (bbl/d)	**1,324**	1,210
Condensate (bbl/d)	**3,019**	2,708
Ngl (bbl/d)	**2,687**	2,401
Natural gas (mcf/d)	**118,089**	119,635
Total (boe/d)	**26,712**	26,258

Notes:
(1) Throughout this MD&A, crude oil refers to light and medium crude oil product type as defined by National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). Condensate is a natural gas liquid as defined by NI 51-101. Throughout this MD&A, references to other natural gas liquids or ngls comprise all natural gas liquids as defined by NI 51-101 other than condensate, which is disclosed separately. Throughout this MD&A, references to natural gas comprise all conventional natural gas as defined by NI 51-101.

Production during the second quarter of 2021 increased 2% over the first quarter of 2021 as a result of the addition of six liquids-rich natural gas wells added to production late in the first quarter of 2021 at West Septimus, combined with reductions in shut-in production from heavy oil well reactivations. These increases were partially offset by a decrease in production at Septimus, where limited capital has been invested over the last five years in favor of capital investment on the liquids-rich areas of West Septimus.

	Three months ended June 30, 2021					Three months ended June 30, 2020				
	Crude oil (bbl/d)	**Condensate (bbl/d)**	**Ngl (bbl/d)**	**Nat. gas (mcf/d)**	**Total (boe/d)**	Crude oil (bbl/d)	Condensate (bbl/d)	Ngl (bbl/d)	Nat. gas (mcf/d)	Total (boe/d)
NE BC	**171**	**3,019**	**2,687**	**117,921**	**25,531**	191	2,634	2,147	95,534	20,894
Lloydminster	**1,153**	**-**	**-**	**168**	**1,181**	1,175	-	-	30	1,180
Total	**1,324**	**3,019**	**2,687**	**118,089**	**26,712**	1,366	2,634	2,147	95,564	22,074

Production during the second quarter of 2021 increased 21% over the same period in 2020, as a result of the successful execution of drilling and completion activities in the Greater Septimus area. Additional increases were realized from the reactivation of wells that were shut-in during the same period in 2020.

	Six months ended June 30, 2021					Six months ended June 30, 2020				
	Crude oil (bbl/d)	**Condensate (bbl/d)**	**Ngl (bbl/d)**	**Nat. gas (mcf/d)**	**Total (boe/d)**	Crude oil (bbl/d)	Condensate (bbl/d)	Ngl (bbl/d)	Nat. gas (mcf/d)	Total (boe/d)
NE BC	**163**	**2,864**	**2,545**	**118,701**	**25,356**	203	2,987	2,218	97,324	21,629
Lloydminster	**1,104**	**-**	**-**	**157**	**1,130**	1,351	-	-	30	1,356
Total	**1,267**	**2,864**	**2,545**	**118,858**	**26,486**	1,554	2,987	2,218	97,354	22,985

For the first half of 2021, production increased 15% as compared to the same period in 2020. Production in NE BC increased 17% over the same period in 2020 due to the addition of 13 liquids-rich natural gas wells in the West Septimus area. These increases were partially offset by lower production at Lloydminster due to limited capital investment.

Petroleum and Natural Gas Sales

	Three months ended June 30, 2021	Three months ended March 31, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Petroleum and natural gas sales ($ thousands)					
Light crude oil	**1,116**	893	418	**2,009**	1,296
Heavy crude oil	**6,299**	5,003	1,933	**11,302**	4,721
Natural gas liquids	**2,896**	2,931	1,513	**5,827**	2,525
Condensate	**20,699**	17,001	5,678	**37,700**	22,343
Natural gas	**37,540**	59,689	15,347	**97,229**	32,098
Total	**68,550**	85,517	24,889	**154,067**	62,983
Crew average prices(1)					
Light crude oil ($/bbl)	**71.65**	63.97	24.04	**68.02**	35.05
Heavy crude oil ($/bbl)	**60.03**	52.69	18.08	**56.54**	19.20
Natural gas liquids ($/bbl)	**11.85**	13.56	7.74	**12.65**	6.26
Condensate ($/bbl)	**75.36**	69.75	23.69	**72.72**	41.10
Natural gas ($/mcf)	**3.49**	5.54	1.76	**4.52**	1.81
Oil equivalent ($/boe)	**28.20**	36.19	12.39	**32.14**	15.06
Benchmark pricing					
Light crude oil – WTI (Cdn $/bbl)	**81.09**	73.22	38.42	**77.16**	50.03
Heavy crude oil – WCS (Cdn $/bbl)	**66.94**	57.54	22.43	**62.24**	28.25
Condensate – Condensate @ Edmonton (Cdn $/bbl)	**81.64**	73.31	30.65	**77.47**	46.17
Natural Gas:					
AECO 5A daily index (Cdn $/mcf)	**3.09**	3.15	1.99	**3.12**	2.01
AECO 7A monthly index (Cdn $/mcf)	**2.85**	2.93	1.91	**2.89**	2.03
Alliance 5A (Cdn $/mcf)	**3.24**	4.53	1.83	**3.89**	1.93
Chicago Interstates at ATP (Cdn $/mcf)	**2.71**	7.53	1.47	**5.12**	1.54
Henry Hub Close (Cdn $/mcf)	**3.47**	3.41	2.38	**3.44**	2.50
Natural gas sales portfolio					
AECO 5A	**36%**	40%	3%	**38%**	3%
Alliance 5A	**22%**	21%	24%	**22%**	22%
Chicago Interstates at ATP	**35%**	34%	49%	**35%**	54%
Henry Hub	**-**	-	16%	**-**	16%
Station 2	**7%**	5%	8%	**5%**	5%

Notes:
(1) Average prices are before deduction of transportation costs and do not include gains and losses on financial instruments.

Second quarter 2021 compared to first quarter 2021:

In the second quarter of 2021, the Company's petroleum and natural gas sales decreased 20% as compared to the first quarter of 2021 as a result of a 22% decrease in average realized wellhead pricing, dominated by a decrease in natural gas revenues from the first quarter of 2021.

The Company's second quarter realized light crude oil price increased 12% over the first quarter of 2021, which was consistent with the Company's WTI benchmark increase of 11% compared to the previous quarter. Crew's second quarter heavy crude oil price increased 14% as compared to the first quarter of 2021, which is consistent with the 16% increase in the Company's Western Canadian Select ("WCS") benchmark.

Crew's ngl realized price decreased 13% in the second quarter as compared to the first quarter of 2021, due to decreases in the value of component pricing for propane and butane which is consistent with seasonal pricing changes. The Company's second quarter realized condensate price increased 8% over the first quarter of 2021, which was slightly lower than the 11% increase in the Condensate at Edmonton benchmark price, due to an increase in the embedded pipeline and product differential costs relative to the underlying price received.

Crew's realized natural gas price decreased by 37% in the second quarter of 2021, which was consistent with the 40% decrease in the Company's natural gas sales portfolio weighted benchmark price. The decline was the result of the significant boost in Crew's first quarter gas price received from the February weather event and its impact on the Chicago gas market.

Second quarter 2021 compared to second quarter 2020:

Second quarter 2021 petroleum and natural gas sales increased 175% as compared to the same period in 2020, as a result of a 128% increase in realized wellhead pricing combined with a 21% increase in production. The significant increase in realized wellhead pricing is reflective of the improvement in world commodity prices over the past year as global economies recover from the impact of COVID-19.

The Company's second quarter realized light crude oil price increased 198% over the second quarter of 2020, which was higher than the Company's WTI benchmark increase of 111%, due to the reduction in the differential between realized Canadian crude oil prices and the Company's WTI benchmark resulting from improved Canadian oil egress. Crew's second quarter heavy crude oil price increased 232% as compared to the same period last year, which is higher than the 198% increase in the Company's WCS benchmark as a result of a reduction in the relative cost of diluent utilized to blend with heavy crude oil for transportation.

Crew's ngl realized price increased 53% in the second quarter as compared to the same period in 2020, due to an increase in the value of component pricing, in particular large increases in realized butane and pentane pricing across North America, consistent with the overall improvement in commodity prices. The Company's second quarter realized condensate price increased 218% over the same period in 2020, which is higher than the 166% increase in the Condensate at Edmonton benchmark price, due to a decrease in the embedded pipeline and product differential costs relative to the underlying price received.

Crew's realized natural gas price increased by 98% in the second quarter of 2021 as compared to the same period in 2020, which is higher than the 70% increase in the Company's natural gas sales portfolio weighted benchmark price. The greater corporate increase was the result of the expiry of a Chicago fixed price physical delivery contract that negatively impacted the Company's realized natural gas price for most of 2020.

First half of 2021 compared to first half of 2020:

The first half 2021 petroleum and natural gas sales increased 145% as compared to the same period in 2020, as a result of a 113% increase in realized wellhead pricing, aided by the global commodity price recovery noted above, combined with a 15% increase in production.

The Company's first half realized light crude oil price increased 94% over the first half of 2020, which was higher than the Company's WTI benchmark increase of 54%, largely due to the decline in the differential between realized Canadian crude oil prices and the Company's WTI benchmark resulting from improved Canadian oil egress. Crew's first half heavy crude oil price increased 194% as compared to the same period last year, which is higher than the 120% increase in the Company's WCS benchmark as a result of a reduction in the relative cost of diluent utilized to blend with heavy crude oil for transportation purposes.

Crew's ngl realized price increased 102% in the first half of 2021 as compared to the same period in 2020, due to increases in the value of component pricing, in particular large increases in realized butane and pentane pricing across North America. The Company's first half realized condensate price increased 77% over the same period in 2020, which is higher than the 68% increase in the Condensate at Edmonton benchmark price, mainly due to Crew's product differential relative to the underlying benchmark price.

Crew's realized natural gas price increased by 150% in the first six months of 2021 as compared to the same period in 2020, which is higher than the 119% increase in the Company's natural gas sales portfolio weighted benchmark price. The greater corporate increase was the result of the expiry of a Chicago fixed price physical delivery contract that negatively impacted the Company's realized natural gas price for most of 2020.

Royalties

($ thousands, except per boe)	**Three months ended June 30, 2021**	Three months ended March 31, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Royalties	**4,634**	5,223	918	**9,857**	3,082
Per boe	**1.91**	2.21	0.46	**2.06**	0.74
Percentage of petroleum and natural gas sales	**6.8%**	6.1%	3.7%	**6.4%**	4.9%

For the second quarter and first half of 2021, royalties and royalties per boe and as a percentage of petroleum and natural gas sales increased over the same periods of 2020 due to increases in production and commodity pricing leading to higher royalty rates. Royalty rates fluctuate on a sliding scale with increases and decreases in the underlying commodity price. The rate increases were partially offset by lower royalty rates on new wells drilled and completed in NE BC, that attract lower royalty rates.

Derivative Financial Instruments

Commodities

The Company enters into derivative and physical risk management contracts in order to reduce volatility in financial results 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 spot commodity prices. The Company's financial derivative trading activities are conducted pursuant to the Company's Risk Management Policy, approved by the Board of Directors.

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

($ thousands)	**Three months ended June 30, 2021**	Three months ended March 31, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Realized (loss) gain on derivative financial instruments	**(8,403)**	(17,348)	6,712	**(25,751)**	10,512
Per boe	**(3.46)**	(7.34)	3.34	**(5.37)**	2.51
Unrealized (loss) gain on financial instruments	**(31,276)**	(14,393)	(9,472)	**(45,669)**	4,867

As at June 30, 2021, the Company held derivative commodity contracts as follows:

Notional Quantity	Term	Strike Price	Option Traded	Fair Value
Natural Gas – AECO Daily Index:				
19,000 gj/day	July 1, 2021 - September 30, 2021	$2.23/gj	Swap	$ (2,189)
2,500 gj/day	July 1, 2021 - October 31, 2021	$2.35/gj	Swap	(354)
7,500 gj/day	July 1, 2021 – December 31, 2021	$2.59/gj	Swap	(1,373)
17,500 gj/day	October 1, 2021 - December 31, 2021	$2.47/gj	Swap	(1,961)
22,500 gj/day	November 1, 2021 - December 31, 2021	$2.72/gj	Swap	(1,324)
15,000 gj/day	November 1, 2021 - March 31, 2022	$2.72/gj	Swap	(1,999)
20,000 gj/day	January 1, 2022 - March 31, 2022	$3.05/gj	Swap	(903)
15,000 gj/day	January 1, 2022 - December 31, 2022	$2.42/gj	Swap	(2,650)
20,000 gj/day	April 1, 2022 - June 30, 2022	$2.17/gj	Swap	(855)
5,000 gj/day	April 1, 2022 - October 31, 2022	$2.19/gj	Swap	(488)
20,000 gj/day	July 1, 2022 - September 30, 2022	$2.20/gj	Swap	(780)
20,000 gj/day	October 1, 2022 - December 31, 2022	$2.44/gj	Swap	(684)
Natural Gas – AECO Monthly Index:				
10,000 gj/day	July 1, 2021 - September 30, 2021	$2.19/gj	Swap	(1,046)
2,500 gj/day	July 1, 2021 - October 31, 2021	$2.05/gj	Swap	(402)
2,500 gj/day	July 1, 2021 – December 31, 2021	$2.45/gj	Swap	(488)
12,500 gj/day	July 1, 2021 - December 31, 2021	$2.50 - $2.85/gj	Collar(1)	(1,588)
9,000 gj/day	October 1, 2021 - December 31, 2021	$2.40/gj	Swap	(1,042)
5,000 gj/day	November 1, 2021 - March 31, 2022	$2.84/gj	Swap	(636)
5,000 gj/day	November 1, 2021 - March 31, 2022	$2.65 - $2.95/gj	Collar(2)	(606)
10,000 gj/day	January 1, 2022 - March 31, 2022	$3.09/gj	Swap	(434)
2,500 gj/day	January 1, 2022 - March 31, 2022	$2.75 - $3.20/gj	Collar(3)	(136)
7,500 gj/day	January 1, 2022 - December 31, 2022	$2.36/gj	Swap	(1,490)
10,000 gj/day	April 1, 2022 - June 30, 2022	$2.20/gj	Swap	(410)
10,000 gj/day	July 1, 2022 - September 30, 2022	$2.22/gj	Swap	(356)
10,000 gj/day	October 1, 2022 - December 31, 2022	$2.48/gj	Swap	(270)
Natural Gas – CDN$ Chicago Citygate Daily:				
17,500 mmbtu/day	July 1, 2021 - October 31, 2021	$3.47/mmbtu	Swap	(1,952)
Natural Gas – CDN$ Chicago Citygate Monthly:				
7,500 mmbtu/day	July 1, 2021 - October 31, 2021	$3.49/mmbtu	Swap	(797)
Crude Oil – CDN$ WCS:				
500 bbl/day	July 1, 2021 - December 31, 2021	$45.88bbl	Swap	(2,256)
250 bbl/day	October 1, 2021 - December 31, 2021	$57.20/bbl	Swap	(255)
250 bbl/day	January 1, 2022 - March 31, 2022	$56.30/bbl	Swap	(243)

Notional Quantity	Term	Strike Price	Option Traded	Fair Value
(continued)				
CDN$ Edmonton C5 Blended Index:				
1,500 bbl/day	July 1, 2021 - December 31, 2021	$61.24/bbl	Swap	(7,046)
500 bbl/day	January 1, 2022 - June 30, 2022	$72.13/bbl	Swap	(973)
Total				**$ (37,986)**

Notes:
(1) The referenced contract is a costless collar whereby the Company receives $2.50/gj when the market price is below $2.50/gj, and receives $2.85/gj when the market price is above $2.85/gj.
(2) The referenced contract is a costless collar whereby the Company receives $2.65/gj when the market price is below $2.65/gj, and receives $2.95/gj when the market price is above $2.95/gj.
(3) The referenced contract is a costless collar whereby the Company receives $2.75/gj when the market price is below $2.75/gj, and receives $3.20/gj when the market price is above $3.20/gj.

Subsequent to June 30, 2021, the Company entered into the following derivative commodity contracts:

Notional Quantity	Term	Strike Price	Option Traded
Natural Gas – AECO Daily Index:			
2,500 gj/day	April 1, 2022 - October 31, 2022	$2.73/gj	Swap
CDN$ Edmonton C5 Blended Index:			
250 bbl/day	January 1, 2022 - June 30, 2022	$85.00/bbl	Swap

Net Operating Costs[(1)]

($ thousands, except per boe)	**Three months ended June 30, 2021**	Three months ended March 31, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Operating costs	**12,136**	11,539	12,005	**23,675**	25,119
Processing revenue	**(482)**	(554)	(604)	**(1,036)**	(1,243)
Net operating costs	**11,654**	10,985	11,401	**22,639**	23,876
Per boe	**4.79**	4.65	5.68	**4.72**	5.70

Note:
(1) Non-IFRS measure that does not have any standardized meaning as prescribed by International Financial Reporting Standards, and therefore, may not be comparable with the calculations of similar measures for other entities. See "Non-IFRS Measures" contained within this MD&A.

In the second quarter of 2021, net operating costs and net operating costs per boe increased slightly over the previous quarter due to higher road maintenance and other costs related to spring break-up.

During the second quarter and first half of 2021, net operating costs and net operating costs per boe decreased as compared to the same periods in 2020, as a result of new production added at West Septimus, which yields lower net operating costs, combined with efforts by the Company to optimize field operations, resulting in reduced per unit costs across all operating areas.

Transportation Costs

($ thousands, except per boe)	**Three months ended June 30, 2021**	Three months ended March 31, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Transportation costs	**9,971**	9,852	6,868	**19,823**	13,839
Per boe	**4.10**	4.17	3.42	**4.13**	3.31

Transportation costs in the second quarter and first half of 2021 increased as compared to the same periods in 2020, as a result of natural gas pipeline transportation rate increases commencing in November 2020, and added ngl trucking costs in 2021 due to new sales point contracts, where such costs were limited in 2020. In addition, the Company's commercial agreements pertaining to a five-year Alliance firm transport agreement expired in October 2020, which yielded lower historical transportation costs.

Operating Netbacks[1]

($/boe)	**Greater Septimus**	**Lloydminster Heavy**	**Other NE BC**	**Three months ended June 30, 2021**	Three months ended March 31, 2021	Three months ended June 30, 2020
Petroleum and natural gas sales	**27.22**	**59.04**	**22.65**	**28.20**	36.19	12.39
Royalties	**(1.43)**	**(11.37)**	**(1.88)**	**(1.91)**	(2.21)	(0.46)
Realized commodity hedging (loss) gain	**(3.04)**	**(15.04)**	**(1.79)**	**(3.46)**	(7.34)	3.34
Marketing loss	**-**	**-**	**-**	**-**	-	(0.26)
Net operating costs	**(3.98)**	**(19.42)**	**(5.35)**	**(4.79)**	(4.65)	(5.68)
Transportation costs	**(4.16)**	**(0.36)**	**(5.39)**	**(4.10)**	(4.17)	(3.42)
Operating netbacks	**14.61**	**12.85**	**8.24**	**13.94**	17.82	5.91
Production (boe/d)	**23,062**	**1,181**	**2,469**	**26,712**	26,258	22,074

Note:
(1) Non-IFRS measure that does not have any standardized meaning as prescribed by International Financial Reporting Standards, and therefore, may not be comparable with the calculations of similar measures for other entities. See "Non-IFRS Measures" contained within this MD&A.

Operating netbacks for the second quarter of 2021 decreased by 22% when compared to the first quarter of 2021, primarily as a result of lower natural gas sales, partially offset by lower royalties, and lower realized hedging losses.

Operating netbacks for the second quarter of 2021 increased 136% over the same period in 2020 as a result of higher commodity pricing and lower net operating costs, partially offset by higher transportation costs and royalties, combined with realized commodity hedging losses where the Company realized hedging gains in the same period in 2020.

($/boe)	**Greater Septimus**	**Lloydminster Heavy**	**Other NE BC**	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Petroleum and natural gas sales	**31.67**	**55.64**	**25.20**	**32.14**	15.06
Royalties	**(1.75)**	**(8.98)**	**(1.75)**	**(2.06)**	(0.74)
Realized commodity hedging (loss) gain	**(5.11)**	**(12.36)**	**(4.50)**	**(5.37)**	2.51
Marketing loss	**-**	**-**	**-**	**-**	(0.07)
Net operating costs	**(3.92)**	**(19.37)**	**(5.65)**	**(4.72)**	(5.70)
Transportation costs	**(4.21)**	**(0.35)**	**(5.31)**	**(4.13)**	(3.31)
Operating netbacks	**16.68**	**14.58**	**7.99**	**15.86**	7.75
Production (boe/d)	**23,095**	**1,130**	**2,261**	**26,486**	22,985

Operating netbacks for the first half of 2021 increased by 105% as compared to the same period in 2020, primarily as a result of higher petroleum and natural gas sales and lower net operating costs, partially offset by higher royalties, transportation costs, and realized hedging losses during the period where the Company realized hedging gains in the same period in 2020.

General and Administrative Costs

($ thousands, except per boe)	**Three months ended June 30, 2021**	Three months ended March 31, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Gross costs	**3,640**	3,814	2,257	**7,454**	6,110
Operators' recoveries	**(57)**	(282)	(21)	**(339)**	(32)
Capitalized costs	**(1,327)**	(1,333)	(706)	**(2,660)**	(2,050)
General and administrative expenses	**2,256**	2,199	1,530	**4,455**	4,028
Per boe	**0.93**	0.93	0.76	**0.93**	0.96

General and administrative ("G&A") costs increased in the second quarter and first half of 2021 as compared to the same periods in 2020, due to the reversal of compensation roll-backs that were in place through most of 2020 and a reduction in receipts of the government provided COVID-19 related Canada Emergency Wage Subsidy ("CEWS") in 2020 as compared to 2021. Despite the increase in costs, G&A per boe has decreased in the second quarter and first half of 2021 as compared to the same periods in 2020 as a result of increased production with a limited increase in G&A costs.

Share-Based Compensation

($ thousands)	**Three months ended June 30, 2021**	Three months ended March 31, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Gross costs	**1,493**	1,112	1,104	**2,605**	2,919
Capitalized costs	**(721)**	(538)	(544)	**(1,259)**	(1,441)
Total share-based compensation	**772**	574	560	**1,346**	1,478

For the second quarter of 2021, the Company's total share-based compensation expense increased as compared to the previous quarter and second quarter of 2020, as a result of a higher annual grant value in 2021 as compared to 2020. In the first half of 2021, the Company's total share-based compensation expense decreased as compared to the same period in 2020, as a result of a reduction in staff, partially offset by the aforementioned increase in the 2021 annual grant value.

Depletion and Depreciation

($ thousands, except per boe)	**Three months ended June 30, 2021**	Three months ended March 31, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Depletion and depreciation	**17,605**	17,386	18,683	**34,991**	38,197
Per boe	**7.24**	7.36	9.30	**7.30**	9.13

In the second quarter of 2021 and first half of 2021, depletion and depreciation costs per boe decreased as compared to the same periods in 2020, due to a decrease in future development costs associated with reserves bookings at the end of 2020 and a decrease to the per boe depletion rate for Tower production due to higher Tower reserve bookings at December 31, 2020. In addition, there was a reduction in the capital cost base as a result of impairment charges recorded in the first quarter of 2020 and lower land expiries in 2021, particularly in the second quarter of 2021 as compared to the same period in 2020.

Finance Expenses

($ thousands, except per boe)	**Three months ended June 30, 2021**	Three months ended March 31, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Interest on bank loan and other	**994**	861	593	**1,855**	1,133
Interest on senior notes	**4,862**	4,808	4,862	**9,670**	9,670
Interest on lease obligations	**25**	27	25	**52**	51
Accretion of deferred financing charges	**246**	246	247	**492**	492
Accretion of the decommissioning obligation	**440**	262	383	**702**	766
Total finance expense	**6,567**	6,204	6,110	**12,771**	12,112
Average long-term debt level	**360,656**	338,922	332,545	**349,849**	338,710
Average drawings on bank loan	**60,656**	38,922	32,545	**49,849**	38,710
Average senior unsecured notes outstanding	**300,000**	300,000	300,000	**300,000**	300,000
Effective interest rate on senior unsecured notes	**6.5%**	6.5%	6.5%	**6.5%**	6.5%
Effective interest rate on long-term debt	**6.0%**	6.2%	6.2%	**6.1%**	6.2%
Financing costs on long-term debt per boe	**2.51**	2.50	2.85	**2.51**	2.71

The Company's total finance expense and average corporate debt levels increased in the second quarter and first half of 2021 as compared to the previous quarter and the same periods in 2020, due to increased capital expenditures in 2021 and an increase in borrowing margins. In addition, the Company's corporate effective interest rate decreased due to a decrease in standby fees as the Company's drawings on its bank facility increased.

Deferred Income Taxes

In the second quarter and first half of 2021, the provision for deferred income taxes was nil in both periods as compared to a nil provision for deferred income taxes in the second quarter of 2020 and a deferred tax recovery of $53.6 million in the first half of 2020. The Company did not recognize a deferred income tax asset due to the uncertainty of future commodity prices and cash flows.

Cash, Adjusted Funds Flow(1) and Net (Loss) Income

($ thousands, except per share amounts)		**Three months ended June 30, 2021**	Three months ended March 31, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Cash provided by operating activities		**24,890**	30,447	8,175	**55,337**	18,094
Adjusted funds flow(1)		**25,530**	33,995	4,633	**59,525**	17,033
Per share	-basic	**0.17**	0.23	0.03	**0.39**	0.11
	-diluted	**0.16**	0.22	0.03	**0.37**	0.11
Net (loss) income		**(23,138)**	1,353	(24,803)	**(21,785)**	(216,712)
Per share	-basic	**(0.15)**	0.01	(0.16)	**(0.14)**	(1.42)
	-diluted	**(0.15)**	0.01	(0.16)	**(0.14)**	(1.42)

Note:
(1) Non-IFRS measure that does not have any standardized meaning as prescribed by International Financial Reporting Standards, and therefore, may not be comparable with the calculations of similar measures for other entities. See "Non-IFRS Measures" contained within this MD&A.

For the second quarter of 2021, cash provided by operating activities and adjusted funds flow decreased as compared to the first quarter of 2021, mainly due to lower petroleum and natural gas sales. The Company recognized a net loss in the second quarter of 2021 as compared to net income in the first quarter of 2021, as a result of lower petroleum and natural gas sales and a larger unrealized hedging loss related to a surge in commodity prices in the quarter.

Cash provided by operating activities and adjusted funds flow increased in both the second quarter and first half of 2021 as compared to the same periods in 2020, predominantly due to higher petroleum and natural gas sales. The net loss in the first half of 2020 was impacted by a $201 million after-tax impairment charge.

Capital Expenditures, Property Acquisitions and Dispositions

($ thousands)	**Three months ended June 30, 2021**	Three months ended March 31, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Land	**780**	604	785	**1,384**	1,442
Seismic	**126**	167	292	**293**	537
Drilling and completions	**10,422**	42,288	2,673	**52,710**	13,448
Facilities, equipment and pipelines	**8,479**	5,607	892	**14,086**	5,841
Other	**1,391**	1,424	706	**2,815**	2,109
Total exploration and development	**21,198**	50,090	5,348	**71,288**	23,377
Net property dispositions	**-**	-	44	**-**	(34,896)
Total	**21,198**	50,090	5,392	**71,288**	(11,519)

In the second quarter of 2021, the Company invested a total of $21.2 million on exploration and development expenditures. The majority of this amount was spent on the continued development of the Montney assets. During the quarter, $10.4 million was invested on drilling and completion activities, $8.5 million on facilities, equipment and pipelines and $2.3 million on land, seismic, and other miscellaneous amounts.

In the second quarter of 2021, the Company drilled a total of four natural gas wells in the West Septimus area and recompleted three heavy crude oil wells in the Lloydminster area.

GUIDANCE

As global markets recover from the impact of the COVID-19 pandemic and demand for energy increases, Crew anticipates that Canadian natural gas will play an increasingly important role in the global energy mix as the world looks to diversify energy sources and reduce emissions. Accordingly, Crew remains excited to execute on its business plan to produce responsible energy while creating meaningful value and corporate growth.

The following table sets forth Crew's guidance and underlying material assumptions for 2021 and 2022:

	Previous 2021 guidance and assumptions(1)	Revised 2021 guidance and assumptions(1)	Previous 2022 guidance and assumptions(1)	Revised 2022 guidance and assumptions(1)
Capital expenditures ($Millions)	120–145	150–170	70–95	70–95
Annual average production (boe/d)	26,000–28,000	26,000–28,000	31,000–33,000	32,000–34,000
Adjusted funds flow(2) ($Millions)	105-125	120-140	140–160	190–210
EBITDA(2) ($Millions)	130-149	145-165	164–184	214–234
Oil price (WTI)($US per bbl)	$61.00	$66.00	$58.00	$65.00
WCS price ($C per bbl)	$61.00	$66.50	$56.50	$65.00
Natural gas price (AECO 5A) ($C per mcf)	$2.90	$3.40	$2.55	$3.15
Natural gas price (NYMEX) ($US per mmbtu)	$2.80	$3.35	$2.70	$3.40
Natural gas price (Crew est. wellhead) ($C per mcf)	$3.80	$4.60	$3.00	$3.90
Foreign exchange ($US/$CAD)	$0.80	$0.80	$0.80	$0.80
Royalties	4–6%	5–7%	4–6%	4–6%
Net operating costs(2) ($ per boe)	$4.75–$5.25	$4.75–$5.25	$4.25–$4.75	$4.25–$4.75
Transportation ($ per boe)	$3.50–$4.00	$3.50–$4.00	$2.25–$2.75	$2.25–$2.75
G&A ($ per boe)	$0.90–$1.10	$0.90–$1.10	$0.80–$1.00	$0.80–$1.00
Interest rate – bank debt	6.0%	6.0%	6.0%	6.0%
Interest rate – high yield	6.5%	6.5%	6.5%	6.5%

Notes:
(1) The actual results of operations of Crew and the resulting financial results will likely vary from the estimates and material underlying assumptions set forth in this guidance by the Company and such variation may be material. The guidance and material underlying assumptions have been prepared on a reasonable basis, reflecting management's best estimates and judgments.
(2) Non-IFRS measure that does not have any standardized meaning as prescribed by International Financial Reporting Standards, and therefore, may not be comparable with the calculations of similar measures for other entities. See "Non-IFRS Measures" contained within this MD&A.

Improving commodity prices bolstered by global optimism over the roll-out of effective vaccines to protect against COVID-19 and the associated re-opening of world economies has resulted in the above updates to Crew's previous 2021 and 2022 guidance. While there remains a significant amount of uncertainty around the timing of a return to pre-pandemic global economic activity levels, increased global trade and the discipline shown by OPEC+ and North American producers to limit supply growth has driven an improved outlook for crude oil, natural gas and ngl prices. The above increase to the Company's commodity price assumptions, and the follow through impact on 2021 and 2022 AFF and EBITDA, is based on the current forward market price for Crew's forecasted production. As a result of the strong commodity price environment, the Company has elected to increase its 2021 capital expenditure budget to range from $150 million to $170 million. This increase allows the Company to:

- Invest in capital projects with robust rates of return and payouts of less than 12 months, which can be supported by an active hedging program and by producing flush volumes into the winter heating season, while maintaining the option to rapidly pivot in response to changing market conditions;
- Respond to positive market conditions by expediting our goal of optimizing transportation and processing capacity through an expansion of the 2021 capital program to include the completion, equipping and six-kilometre tie-in of three Groundbirch wells and the drilling of two additional wells at our North Septimus 4-14 pad;
- Validate the future development potential of two strategic areas at Groundbirch and North Septimus;
- Test new zones in the Upper Montney "C" and the Lower Montney at the North Septimus 4-14 pad, evaluating their long-term future development potential; and
- Enter 2022 with five drilled and uncompleted wells.

LIQUIDITY AND CAPITAL RESOURCES

Capital Management

The Company considers its capital structure to include working capital, long-term debt (including the bank loan and senior unsecured notes) and shareholders' equity. Crew's primary capital management objective is to maintain a strong financial position in order to continue to fund the Company's sustainability. Crew monitors its capital structure and makes adjustments on an ongoing basis in order to maintain the flexibility needed to achieve the Company's long-term objectives. To manage its capital structure, the Company may adjust capital spending, hedge future revenue through commodity contracts, issue new equity, issue new debt or raise funds through asset sales.

With 43% drawn on the Company's $150 million Facility and the senior unsecured notes termed out to 2024, the Company's financial position remains strong, with sufficient liquidity to fund the Company's on-going operations. The Company will continue to monitor debt levels and, if necessary, it will consider divesting of non-core properties, adjust its annual capital expenditure program or may consider other forms of financing to improve its financial position.

Capital Management includes the monitoring of net debt as part of the Company's capital structure.

The following tables outline Crew's calculation of working capital and net debt:

($ thousands)	**June 30, 2021**	December 31, 2020
Current assets	**27,731**	26,853
Current liabilities	**(75,994)**	(47,212)
Derivative financial instruments	**34,437**	(4,002)
Decommissioning obligations	**2,544**	-
Working capital deficiency[1]	**(11,282)**	(24,361)

($ thousands)	**June 30, 2021**	December 31, 2020
Bank loan	**(64,515)**	(35,994)
Senior unsecured notes	**(297,343)**	(296,851)
Working capital deficiency[1]	**(11,282)**	(24,361)
Net debt[1]	**(373,140)**	(357,206)

Note:
(1) Non-IFRS measure that does not have any standardized meaning as prescribed by International Financial Reporting Standards, and therefore, may not be comparable with the calculations of similar measures for other entities. See "Non-IFRS Measures" contained within this MD&A.

Working Capital

The capital intensive nature of Crew's activities generally results in the Company carrying a working capital deficit. Working capital includes cash and cash equivalents and accounts receivable less accounts payable and accrued liabilities.

The Company ensures that sufficient drawings are available from its Facility to satisfy working capital requirements. At June 30, 2021, the Company's working capital deficit totaled $11.3 million, when combined with the drawings on its bank loan, represented drawings of 51% on its $150 million Facility described below.

Bank Loan

As at June 30, 2021, the Company's bank facility consists of a revolving line of credit of $125 million and an operating line of credit of $25 million (the "Facility"). The Facility revolves for a 364 day period and will be subject to its next 364 day extension by June 3, 2022. If not extended, the Facility will cease to revolve, the margins thereunder will increase by 0.50 per cent and all outstanding advances thereunder will become repayable in one year from the extension date. The available lending limits of the Facility (the "Borrowing Base") are reviewed semi-annually and are based on the bank syndicate's interpretation of the Company's reserves and future commodity prices. The Facility requires the Company to maintain a Liability Management Rating ("LMR") of greater than 1.2:1 in the provinces of Alberta and Saskatchewan, and greater than 2.0:1 in the province of British Columbia, if the uninflated, undiscounted abandonment and reclamation liabilities ("Decommissioning Obligations"), as determined by the individual province, is greater than $20 million. If the LMR falls below the required level in any province, the lenders have the option to re-determine the Borrowing Base. As at June 30 2021, the Company's Decommissioning Obligations exceeded $20 million only in the province of British Columbia, which carried an LMR of 7.9:1. 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, 2022. The Facility is secured by a floating charge debenture and a general securities agreement on all the assets of the Company.

Senior Unsecured Notes

On March 14, 2017, the Company issued $300 million of 6.5% senior unsecured notes, due March 14, 2024 (the "2024 Notes"). The 2024 Notes are guaranteed, jointly and severally, on an unsecured basis, by each of the Company's current and future restricted subsidiaries. Interest on the 2024 Notes accrues at the rate of 6.5% per year and is payable semi-annually.

The Company may redeem, on any one or more occasions, all or part of the 2024 Notes at the redemption prices set forth below, plus any accrued and unpaid interest:

Year[(1)]	Percentage
2021	102.145%
2022	101.040%
2023 and thereafter	100.000%

(1) For the 12 month period beginning on March 14 of each year.

Upon the occurrence of a change of control, the Company will be required to offer to repurchase each holder's notes at a price equal to not less than 101% of the principal amount, plus any accrued and unpaid interest.

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

Share Capital

Crew is authorized to issue an unlimited number of common shares. As at August 4 2021, there were 156,576,605 common shares of the Company issued and outstanding, which includes 2,557,935 of common shares held in trust for the potential future settlement of awards issued under the Company's Restricted and Performance Award Incentive Plan. In addition, there were 3,917,951 restricted awards and 4,772,038 performance awards outstanding.

The Company funds the acquisition of common shares in the open market, which are held in trust, for the potential future settlement of Restricted and Performance award values and are netted out of share capital, including the cumulative purchase cost, until they are distributed for future settlements. For the six months ended June 30, 2021, the trustee purchased 2,978,000 common shares for a total cost of $3.3 million. At June 30, 2021, 2,557,935 common shares were held in trust.

Related-Party and Off-Balance-Sheet Transactions

Crew was not involved in any off-balance-sheet transactions or related party transactions during the quarter ended June 30, 2021.

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, transportation agreements, processing agreements, right of way agreements and lease obligations for office space. 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	2021	2022	2023	2024	2025	Thereafter
Bank Loan (note 1)	64,515	-	-	64,515	-	-	-
Senior unsecured notes (note 2)	300,000	-	-	-	300,000	-	-
Lease obligations	3,222	-	244	731	731	731	785
Firm transportation agreements	181,111	19,277	36,113	27,809	27,359	26,711	43,842
Firm processing agreement	190,895	9,436	18,718	18,718	18,752	18,718	106,553
Total	**739,743**	**28,713**	**55,075**	**111,773**	**346,842**	**46,160**	**151,180**

Notes:

(1) Based on the existing terms of the Company's Facility the first possible repayment date may come in 2023. However, it is expected that the Facility will be extended and no repayment will be required in the near term.

(2) Matures on March 14, 2024.

Lease obligations relate primarily to the Company's commitment to a third party for the lease of office space.

Firm transportation agreements include commitments to third parties to transport condensate, ngl and natural gas from gas processing facilities in NE BC.

Firm processing agreements include commitments to process natural gas through the Greater Septimus Processing Complex in NE BC.

ADDITIONAL DISCLOSURES

Risks and Uncertainties

Crew's activities expose it to a variety of financial and operational risks and uncertainties that arise as a result of its exploration, development, production, and financing activities. Crew's business could also be affected by additional risks and uncertainties not currently known to the Company or that it currently deems to be immaterial. If any of these risks actually occur, it could materially harm Crew's business, financial condition, results of operations, cash flows or impair the Company's ability to implement business plans or complete development activities as scheduled. While the following sections discuss some of these risks, they should not be construed as exhaustive. For additional information on the risks relating to Crew's business, see "Risk Factors" identified in Crew's most recent Annual Information Form.

a) Impact of the COVID-19 Pandemic

The emergence of the COVID-19 pandemic has resulted in emergency actions by governments worldwide, and has impacted Crew's results, business, financial and operating conditions, and has negatively impacted the Canadian, U.S., and global economies; disrupted Canadian, U.S., and global supply chains; disrupted financial markets; contributed to a decrease in interest rates; resulted in ratings downgrades, credit deterioration and defaults in many industries; forced the closure of many businesses, led to loss of revenues, increased unemployment and bankruptcies; and necessitated the imposition of quarantines, physical distancing, business closures, travel restrictions, and sheltering-in-place requirements in Canada, the U.S., and other countries. If the pandemic is prolonged, including through subsequent waves, or if additional variants of COVID-19 emerge which are more transmissible or cause more severe disease, or if other diseases emerge with similar effects, the adverse impact on the economy could worsen. Moreover, it remains uncertain how the macroeconomic environment, and societal and business norms will be impacted following this COVID-19 pandemic. As a result, the Company's business, financial and operational conditions, cash flows, reputation, access to capital, cost of borrowing, access to liquidity, and/or business plans may, in particular, and without limitation, be adversely impacted as a result of the pandemic and/or decline in commodity prices.

The full extent of the risks surrounding the severity and timing of the COVID-19 pandemic is continually evolving and is not fully known at this time. Therefore, there is significant risk and uncertainty which may have a material and adverse effect on the Company's operations.

b) Weakness and Volatility in the Oil and Natural Gas Industry

Weakness and volatility of the oil and natural gas industry may affect the value of Crew's reserves, and restrict its cash flow and ability to access capital to fund the development of its properties.

Market events and conditions, including global excess oil and natural gas supply, actions or inaction taken by the Organization of the OPEC+ nations, announcements by Saudi Arabia to relax quotas, sanctions against Iran and Venezuela, slowing growth in China and emerging economies, weakened global relationships, conflict between the U.S. and Iran, isolationist and punitive trade policies, U.S. shale production, sovereign debt levels and political upheavals in various countries including a growing anti-fossil fuel sentiment and the continuing impact of COVID-19 and travel bans, have caused significant weakness and volatility in commodity prices. These events and conditions have caused a significant reduction in the valuation of Crew's reserves and a decrease in confidence in the oil and natural gas industry. These difficulties have been exacerbated in Canada by political and other actions resulting in uncertainty surrounding regulatory, tax, royalty changes, Indigenous land claims and environmental regulation. In addition, the difficulties encountered by midstream proponents to obtain on a timely basis or continue to maintain the necessary approvals to build pipelines, liquefied natural gas plants and other facilities to provide better access to markets for the oil and natural gas industry in Western Canada has led to additional downward price pressure on crude oil, ngl and natural gas produced in Western Canada. The resulting price differential between WCS crude oil and WTI crude oil has created uncertainty and reduced confidence in the oil and natural gas industry in Western Canada.

Lower commodity prices may also affect the volume and value of Crew's reserves. In addition, lower commodity prices restrict the Company's cash flow resulting in less funds from operations being available to fund Crew's capital expenditure budget. Any decrease in value of Crew's reserves may reduce the Borrowing Base under its Facility, which, depending on the level of the Company's indebtedness, could result in Crew having to repay a portion of its indebtedness. In addition to possibly decreasing the value of the Company's economically recoverable reserves, lower commodity prices may also result in a decrease in the value of Crew's infrastructure and facilities, all of which could also have the effect of requiring a write down of the carrying value of the Company's crude oil, ngl and natural gas assets on its balance sheet and the recognition of an impairment charge in its income statement. Given the current market conditions and the lack of confidence in the Canadian oil and natural gas industry, the Company may have difficulty raising additional funds or if it is able to do so, it may be on unfavourable and highly dilutive terms. If these conditions persist, Crew's cash flow may not be sufficient to continue to fund its operations and to satisfy its obligations when due, particularly its 2024 Notes, and the Company's ability to continue as a going concern and discharge its obligations will require additional equity or debt financing or proceeds or reduction in liabilities from asset sales. There can be no assurance that such equity or debt financing will be available on terms that are satisfactory to Crew or at all. Similarly, there can be no assurance that the Company will be able to realize any or sufficient proceeds or reduction in liabilities from asset sales to discharge its obligations and continue as a going concern.

c) Operational Risks

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long term commercial success of Crew depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, the Company's existing reserves, and the production from them, will decline over time as the Company produces from such reserves.

Drilling hazards, environmental damage and various field operating conditions could greatly increase the cost of operations and adversely affect the production from successful wells. Crew maintains diligent oversight and maintenance over operations to mitigate these risks, including responsible well supervision, effective maintenance operations and the development of enhanced recovery technologies that contribute to maximizing production rates over time. It is not possible to eliminate production delays and declines from normal field operating conditions, which can negatively affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including, but not limited to, fire, explosion, blowouts, cratering, sour gas releases, spills and other environmental hazards. These typical risks and hazards could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment and cause personal injury or threaten wildlife.

Oil and natural gas production operations are also subject to geological and seismic risks, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on Crew's business, financial condition, results of operations and prospects.

As part of Crew's rigorous risk assessment, insurance is obtained to protect against major asset destruction or business interruptions. Although the Company maintains liability insurance and business interruption insurance in an amount that it considers consistent with industry practice, liabilities associated with certain risks could exceed policy limits or not be covered. In either event, the Company could incur significant costs.

The COVID-19 pandemic has also created additional operational risks for Crew, including the need to provide enhanced safety measures for its employees and customers; comply with rapidly changing regulatory guidance; address the risk of, attempted fraudulent activity and cybersecurity threat behavior; and protect the integrity and functionality of the Company's systems, networks, and data as a larger number of employees work remotely. The Company is also exposed to human capital risks due to issues related to health and safety matters, and other environmental stressors as a result of measures implemented in response to the COVID-19 pandemic, as well as the potential for a significant proportion of the Company's employees, including key executives, to be unable to work effectively, because of illness, quarantines, sheltering-in-place arrangements, government actions or other restrictions in connection with the pandemic.

d) Financial Risks

The extent to which the COVID-19 pandemic continues to impact the Company's financial results and condition or liquidity will depend on future developments in Canada, the U.S. and globally, including the development and widespread availability of efficient and accurate testing options, and effective treatment options or vaccines. Despite the approval of certain vaccines by the regulatory bodies in Canada and the U.S., the ongoing evolution of the development and distribution of an effective vaccine also continues to raise uncertainty.

Volatile oil, ngl and natural gas prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for oil, ngl and natural gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for, and project the return on, acquisitions and development and exploitation projects. As a result, the Company hedges future revenue through commodity contracts to lock-in value and mitigate financial risk.

Historical Analysis

The following table summarizes Crew's key quarterly financial results for the past eight financial quarters:

($ thousands, except per share amounts)	**June 30 2021**	Mar. 31 2021	Dec. 31 2020	Sep. 30 2020	June 30 2020	Mar. 31 2020	Dec. 31 2019	Sep. 30 2019
Total daily production (boe/d)	**26,712**	26,258	21,666	20,207	22,074	23,894	22,446	22,824
Exploration and development expenditures	**21,198**	50,090	41,007	21,876	5,348	18,029	26,390	18,466
Property (dispositions)/acquisitions	**-**	-	(23,219)	(35)	44	(34,940)	82	7
Average wellhead price ($/boe)	**28.20**	36.19	21.37	17.40	12.39	17.52	21.76	19.81
Petroleum and natural gas sales	**68,550**	85,517	42,604	32,344	24,889	38,094	44,941	41,597
Cash provided by operating activities	**24,890**	30,447	14,774	5,121	8,175	9,919	21,106	8,877
Adjusted funds flow[(1)]	**25,530**	33,995	15,568	8,549	4,633	12,400	16,086	16,664
Per share – basic	**0.17**	0.23	0.10	0.06	0.03	0.08	0.11	0.11
– diluted	**0.16**	0.22	0.10	0.06	0.03	0.08	0.11	0.11
Net (loss) income	**(23,138)**	1,353	34,668	(21,136)	(24,803)	(191,909)	(6,235)	(3,255)
Per share – basic	**(0.15)**	0.01	0.23	(0.14)	(0.16)	(1.27)	(0.04)	(0.02)
– diluted	**(0.15)**	0.01	0.22	(0.14)	(0.16)	(1.27)	(0.04)	(0.02)

Note:
(1) Non-IFRS measure that does not have any standardized meaning as prescribed by International Financial Reporting Standards, and therefore, may not be comparable with the calculations of similar measures for other entities. See "Non-IFRS Measures" contained within this MD&A.

The Company conservatively managed capital spending through most of 2019 and 2020 due to weak Canadian natural gas prices. As a result, the Company's net capital expenditures, after proceeds from acquisitions and dispositions, have approximated adjusted funds flow over this period, effectively maintaining production at a consistent level. Towards the end of 2020, Crew developed a strategic two-year asset development plan to enhance long-term sustainability and create meaningful value. As a result, the Company increased capital expenditures in 2021 to execute on its plan.

The global outbreak of COVID-19 in early 2020 and subsequent measures intended to limit the pandemic contributed to significant volatility in the global financial markets. The pandemic adversely impacted global commercial activity and has significantly reduced worldwide demand for commodities including crude oil, natural gas and ngl. The result was significant volatility and a decline in the price of crude oil, ngl and natural gas during the first three quarters of 2020. The decline in crude oil and natural gas prices in the first quarter of 2020 resulted in a March 31, 2020 pre-tax impairment charge of $267.3 million. The prospect of a global vaccination campaign against COVID-19 emerged in the latter part of 2020 resulting in a recovery in global markets including an improvement in global commodity prices. The recovery extended into the first half of 2021 with global crude oil, ngl and natural gas prices significantly outperforming those seen throughout 2020.

Significant volatility in commodity prices has impacted cash provided by operating activities, adjusted funds flow and net (loss) income throughout the past eight quarters. The Company has reduced the financial impact of volatile commodity prices by entering into derivative and physical risk management contracts which can cause significant fluctuations in income due to unrealized gains and losses recognized on a quarterly basis. Crew has also attempted to mitigate the lower price environment by reducing its controllable costs and achieving operational efficiencies. Despite these efforts, cash flow from operations used to fund the Company's capital program has been impacted.

Application of Critical Accounting Estimates

Crew's significant accounting policies are disclosed in note 4 of the December 31, 2020 consolidated financial statements. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Crew continuously refines its management and reporting systems to ensure that accurate, timely and useful information is gathered and disseminated. Crew's financial and operating results incorporate certain estimates including the following:

- Estimated accruals for revenues, royalties, operating expenses and general administrative expenses where actual revenues and costs have not been received;
- Estimated capital expenditures where actual costs have not been received or for projects that are in progress;
- Estimated depletion, depreciation and amortization charges are based on estimates of oil and gas reserves that Crew expects to recover in the future. As a key component in the depletion, depreciation and amortization calculation, the reserve estimates have a significant impact on net earnings and the Company's financial results could differ if there is a revision in our estimate of reserve quantities;
- Estimated future recoverable value of property, plant and equipment and any related impairment charges or recoveries are assessed for impairment when circumstances suggest the carrying amount may exceed its recoverable amount. The recoverable amount calculation requires the use of estimates which are subject to change as new information becomes available. Changes in assumptions used in determining the recoverable amount could affect the carrying value of the related assets;
- Estimated fair values of derivative contracts, which are used to manage commodity price, foreign currency and interest rate swaps, are determined using valuation models which require assumptions regarding the amount and timing of future cash flows and discount rates. As the Company's assumptions rely on external market data, the resulting fair value estimates may not be indicative of the amounts realized or settled and are therefore subject to market uncertainty;
- Decommissioning obligations are based on assumptions which take into consideration current economic factors and experience to date which Crew believes are reasonable. The actual cost of the Company's decommissioning obligations may change in response to numerous factors;
- Estimated deferred income tax assets and liabilities are based on current tax interpretations, regulations and legislation which are subject to change. As a result, there are usually a number of tax matters under review and therefore income taxes are subject to measurement uncertainty.

Crew hires employees and engages consultants who have the expertise to ensure these estimates are accurate and ensures departments with the most knowledge of the activity are responsible for the estimates. Past estimates are reviewed and analyzed regularly to ensure future estimates continue to track actuals. The emergence of new information and changed circumstances may result in actual results or changes to estimate amounts that differ materially from current estimates.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to the Company is made known to the Company's CEO and CFO by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

The Company's CEO and CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company is required to disclose herein any change in the Company's internal controls over financial reporting that occurred during the period beginning on April 1, 2021 and ended on June 30, 2021 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting. No material changes in the Company's internal controls over financial reporting were identified during such period that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

It should be noted that a control system, including the Company's disclosure and internal controls and procedures, no matter how well conceived, can provide only reasonable, but not absolute assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

ADVISORIES

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 crude oil, condensate, other ngl and natural gas measurement units into one basis for improved analysis of results and comparisons with other industry participants.

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

Non-IFRS Measures

Throughout this MD&A, the terms "adjusted funds flow", "EBITDA", "funds from operations", "operating netback", "net operating costs", "net debt", and "working capital surplus (deficiency)" are used which are non-IFRS financial measures. The Company uses these measures to help evaluate Crew's performance. These non-IFRS measures do not have any standardized meaning prescribed under IFRS and therefore, may not be calculated in a similar fashion nor comparable to similar measures presented by other entities. Management believes that the presentation of these non-IFRS measures provides useful information to shareholders and investors as the measures provide increased transparency and the ability to better analyze performance against prior periods on a comparable basis.

a) Funds from Operations, Adjusted Funds Flow and EBITDA

Funds from operations represents cash provided by operating activities before changes in operating non-cash working capital and accretion of deferred financing costs. Adjusted funds flow represents funds from operations before decommissioning obligations settled. EBITDA is calculated as consolidated net income (loss) before interest and financing expenses, income taxes, depletion, depreciation and amortization, adjusted for certain non-cash, extraordinary and non-recurring items primarily relating to unrealized gains and losses on financial instruments and impairment losses. The Company considers these metrics as key measures that demonstrate the ability of the Company's continuing operations to generate the cash flow necessary to maintain production at current levels and fund future growth through capital investment and to service and repay debt. Management believes that such measures provide an insightful assessment of the Company's operations on a continuing basis by eliminating certain non-cash charges and actual settlements of decommissioning obligations, the timing of which is discretionary. Funds from operations, adjusted funds flow and EBITDA should not be considered as an alternative to or more meaningful than cash provided by operating activities as determined in accordance with IFRS as an indicator of the Company's performance. Crew's determination of funds from operations, adjusted funds flow and EBITDA may not be comparable to that reported by other companies. Crew also presents adjusted funds flow 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, adjusted funds flow and EBITDA:

($ thousands)	**Three months ended June 30, 2021**	Three months ended March 31, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Cash provided by operating activities	**24,890**	30,447	8,175	**55,337**	18,094
Change in operating non-cash working capital	**1,097**	2,708	(3,396)	**3,805**	(751)
Accretion of deferred financing costs	**(246)**	(246)	(247)	**(492)**	(492)
Funds from operations	**25,741**	32,909	4,532	**58,650**	16,851
Decommissioning obligations (recovered) settled excluding grants	**(211)**	1,086	101	**875**	182
Adjusted funds flow	**25,530**	33,995	4,633	**59,525**	17,033
Interest	**6,102**	5,942	5,727	**12,017**	11,346
EBITDA	**31,632**	39,937	10,360	**71,542**	28,379

b) Operating Netback

Operating netback equals petroleum and natural gas sales including realized gains and losses on commodity related derivative financial instruments, marketing income, less royalties, net operating costs and transportation costs calculated on a boe basis. Management considers operating netback an important measure to evaluate its operational performance as it demonstrates its field level profitability relative to current commodity prices. The calculation of Crew's netbacks can be seen in the section entitled "Operating Netbacks" of this MD&A.

c) Net Operating Costs

Net operating costs equals operating costs net of processing revenue. Management net operating costs an important measure to evaluate its operational performance. The calculation of Crew's net operating costs can be seen in the section entitled "Net Operating Costs" of this MD&A.

d) Net debt and Working Capital (Deficiency) Surplus

Crew closely monitors its capital structure with a goal of maintaining a strong balance sheet to fund the future growth of the Company. The Company monitors net debt as part of its capital structure. The Company uses net debt (bank debt plus working capital deficiency or surplus, excluding the current portion of the fair value of financial instruments) as an alternative measure of outstanding debt. Management considers net debt and working capital (deficiency) surplus an important measure to assist in assessing the liquidity of the Company. The calculation of Crew's net debt and working capital (deficiency) surplus can be seen in the section entitled "Capital Management" of this MD&A.

Forward Looking Statements

This MD&A contains certain forward looking informational statements within the meaning of applicable securities laws. In particular, management's assessment of the potential and uncertain impact of COVID-19 on the Company's operations and results, future plans and operations, including the Company's two-year development plan and the associated guidance and material underlying assumptions contained in the section titled ("Guidance") herein, including annualized 2021 and 2022 production guidance, capital spending plans and budget estimates, drilling plans and the timing thereof, plans for the completion and tie-in of wells and anticipated on-stream dates, facility and pipeline construction, expansion, commissioning and the timing thereof, capital expenditures, timing of capital expenditures and methods of financing capital expenditures and the ability to fund financial liabilities, production estimates, expected commodity mix and prices, future net operating costs, future transportation costs, expected royalty rates, expected and forecasted general and administrative expenses and improved margins, expected interest rates and other financing charges, debt levels and expected debt levels, funds from operations and the timing of and impact of implementing accounting policies, expectations in regards to the Company's credit facilities, management's belief that natural gas will continue to play a vital role in the global energy transition, the potential outlook for refinancing the Company's unsecured notes prior to maturity, estimates regarding undeveloped land position and estimated future drilling, recompletion or reactivation locations, the potential for further property or infrastructure divestures and the anticipated impact of potential future transactions may constitute forward looking statements under applicable securities laws and necessarily involve risks including, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, the inability to fully realize the benefits of acquisitions, delays resulting from or inability to obtain required indigenous and regulatory approvals and inability to access sufficient capital from internal and external sources. As a consequence, the Company's actual results may differ materially from those expressed in, or implied by, the forward looking statements. Forward looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although Crew believes that the expectations reflected in such forward looking statements or information are reasonable, undue reliance should not be placed on forward looking statements because the Company can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document and other documents filed by the Company, assumptions have been made regarding, among other things: the impact measures taken to protect citizens from COVID-19 will have on global energy demand and global economies; the potential impact of government programs associated with COVID-19; the general stability of the economic and political environment in which Crew operates; the impact of increasing competition; the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; potential changes in the Company's two-year development plan and underlying assumptions; the ability of the operator of the projects which the Company has an interest in to operate the field in a safe, efficient and effective manner; Crew's ability to obtain financing on acceptable terms; changes in the Company's banking facility; field production rates and decline rates; the ability to reduce net 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).

The internal projections, expectations or beliefs underlying the Company's 2021 and 2022 capital expenditure plans, budgets and associated production guidance and corporate outlook for 2021 and beyond are subject to change in light of ongoing results, prevailing economic circumstances, commodity prices and industry conditions and regulations. Crew's outlook for 2021 and beyond provides shareholders with relevant information on Management's expectations for results of operations, excluding any potential acquisitions, dispositions or strategic transactions that may be completed in 2021 and beyond. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted and Crew's 2021 and 2022 guidance and outlook may not be appropriate for other purposes. 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.

Dated as of August 4, 2021

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited) (thousands)	**June 30, 2021**	December 31, 2020
Assets		
Current Assets:		
Accounts receivable	**$ 27,731**	$ 22,135
Derivative financial instruments	**-**	4,718
	27,731	26,853
Derivative financial instruments	**-**	3,681
Property, plant and equipment (note 5)	**1,195,079**	1,159,032
	$ 1,222,810	$ 1,189,566
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued liabilities	**$ 39,013**	$ 46,496
Derivative financial instruments (note 4)	**34,437**	716
Decommissioning obligations (note 9)	**2,544**	-
	75,994	47,212
Derivative financial instruments (note 4)	**3,549**	-
Bank loan (note 6)	**64,515**	35,994
Senior unsecured notes (note 7)	**297,343**	296,851
Lease obligations (note 8)	**3,000**	2,814
Decommissioning obligations (note 9)	**87,371**	93,178
Shareholders' Equity		
Share capital (note 10)	**1,486,320**	1,482,925
Contributed surplus	**65,963**	70,052
Deficit	**(861,245)**	(839,460)
	691,038	713,517
Subsequent event (note 4)		
Commitments (note 13)		
	$ 1,222,810	$ 1,189,566

See accompanying notes to the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(unaudited) (thousands, except per share amounts)	**Three months ended June 30, 2021**	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Revenue				
Petroleum and natural gas sales (note 11)	**$ 68,550**	$ 24,889	**$ 154,067**	$ 62,983
Royalties	**(4,634)**	(918)	**(9,857)**	(3,082)
Realized (loss) gain on derivative financial instruments	**(8,403)**	6,712	**(25,751)**	10,512
Unrealized (loss) gain on derivative financial instruments	**(31,276)**	(9,472)	**(45,669)**	4,867
Marketing and processing revenue (note 11)	**482**	80	**1,036**	952
	24,719	21,291	**73,826**	76,232
Expenses				
Operating	**12,136**	12,005	**23,675**	25,119
Transportation	**9,971**	6,868	**19,823**	13,839
General and administrative	**2,256**	1,530	**4,455**	4,028
Share-based compensation	**772**	560	**1,346**	1,478
Depletion and depreciation (note 5)	**17,605**	18,683	**34,991**	38,197
	42,740	39,646	**84,290**	82,661
Loss from operations	**(18,021)**	(18,355)	**(10,464)**	(6,429)
Financing (note 12)	**6,567**	6,110	**12,771**	12,112
Impairment on property, plant and equipment (note 5)	**-**	-	**-**	267,334
(Gain) loss on divestiture of property, plant and equipment	**(320)**	338	**(320)**	(15,600)
Other income (note 9)	**(1,130)**	-	**(1,130)**	-
Loss before income taxes	**(23,138)**	(24,803)	**(21,785)**	(270,275)
Deferred tax recovery	**-**	-	**-**	(53,563)
Net loss and comprehensive loss	**$ (23,138)**	$ (24,803)	**$ (21,785)**	$ (216,712)
Net loss per share (note 10)				
Basic	**$ (0.15)**	$ (0.16)	**$ (0.14)**	$ (1.42)
Diluted	**$ (0.15)**	$ (0.16)	**$ (0.14)**	$ (1.42)

See accompanying notes to the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited) (thousands)	Number of shares, net of shares in trust	Share capital	Contributed surplus	Deficit	Total Shareholders' equity
Balance, January 1, 2021	151,182	$1,482,925	$ 70,052	$ (839,460)	$ 713,517
Net loss for the period	-	-	-	(21,785)	(21,785)
Share-based compensation expensed	-	-	1,346	-	1,346
Share-based compensation capitalized	-	-	1,259	-	1,259
Issued from treasury on vesting of share awards	127	171	(171)	-	-
Released from trust on vesting of share awards	5,688	6,523	(6,523)	-	-
Purchase of shares held in trust (note 10)	(2,978)	(3,299)	-	-	(3,299)
Balance, June 30, 2021	**154,019**	**$ 1,486,320**	**$ 65,963**	**$ (861,245)**	**$ 691,038**

(unaudited) (thousands)	Number of shares, net of shares in trust	Share capital	Contributed surplus	Deficit	Total Shareholders' equity
Balance, January 1, 2020	151,534	$ 1,478,294	$ 71,644	$ (636,280)	$ 913,658
Net loss for the period	-	-	-	(216,712)	(216,712)
Share-based compensation expensed	-	-	1,478	-	1,478
Share-based compensation capitalized	-	-	1,442	-	1,442
Issued from treasury on vesting of share awards	154	3,606	(4,025)	-	(419)
Released from trust on vesting of share awards	2,408	1,898	(1,898)	-	-
Purchase of shares held in trust (note 10)	(1,015)	(250)	-	-	(250)
Balance, June 30, 2020	**153,081**	**$ 1,483,548**	**$ 68,641**	**$ (852,992)**	**$ 699,197**

See accompanying notes to the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) (thousands)	**Three months ended June 30, 2021**	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Cash provided by (used in):				
Operating activities:				
Net loss	**$ (23,138)**	$ (24,803)	**$ (21,785)**	$ (216,712)
Adjustments:				
Unrealized loss (gain) on derivative financial instruments	**31,276**	9,472	**45,669**	(4,867)
Share-based compensation	**772**	560	**1,346**	1,478
Depletion and depreciation (note 5)	**17,605**	18,683	**34,991**	38,197
Financing expenses (note 12)	**6,567**	6,110	**12,771**	12,112
Interest expense (note 12)	**(5,856)**	(5,480)	**(11,525)**	(10,854)
Impairment on property, plant and equipment	**-**	-	**-**	267,334
(Gain) loss on divestiture of property, plant and equipment	**(320)**	338	**(320)**	(15,600)
Deferred tax recovery	**-**	-	**-**	(53,563)
Decommissioning obligations settled (note 9)	**(919)**	(101)	**(2,005)**	(182)
Change in non-cash working capital	**(1,097)**	3,396	**(3,805)**	751
	24,890	8,175	**55,337**	18,094
Financing activities:				
Increase (decrease) in bank loan	**7,664**	4,417	**28,521**	(16,670)
Payments on lease obligations (note 8)	**-**	(47)	**-**	(238)
Shares purchased and held in trust (note 10)	**(1,999)**	(250)	**(3,299)**	(250)
Settlement of restricted and performance awards	**-**	(419)	**-**	(419)
	5,665	3,701	**25,222**	(17,577)
Investing activities:				
Property, plant and equipment expenditures (note 5)	**(21,198)**	(5,348)	**(71,288)**	(23,377)
Property acquisitions	**-**	(51)	**-**	(55)
Property dispositions	**-**	7	**-**	34,951
Change in non-cash working capital	**(9,357)**	(6,484)	**(9,271)**	(12,036)
	(30,555)	(11,876)	**(80,559)**	(517)
Change in cash and cash equivalents	**-**	-	**-**	-
Cash and cash equivalents, beginning of period	**-**	-	**-**	-
Cash and cash equivalents, end of period	**$ -**	$ -	**$ -**	$ -

See accompanying notes to the condensed interim consolidated financial statements.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2021 and 2020

(Unaudited) (Tabular amounts in thousands)

1. Reporting entity:

Crew Energy Inc. ("Crew" or the "Company") is an oil and gas exploration, development and production company based in Calgary, Alberta, Canada. Crew conducts its operations in the Western Canada Sedimentary Basin, primarily in the provinces of British Columbia, Saskatchewan and Alberta. The condensed interim consolidated financial statements (the "financial statements") of the Company are comprised of the accounts of Crew and its wholly owned subsidiary, Crew Oil and Gas Inc., which is incorporated in Canada, and two partnerships, Crew Energy Partnership and Crew Heavy Oil Partnership. Crew's principal place of business is located at suite 800, 250 – 5th Street SW, Calgary, Alberta, Canada, T2P 0R4.

2. Basis of preparation:

These financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting of the International Financial Reporting Standards ("IFRS"). The financial statements use the accounting policies which the Company applied in its annual consolidated financial statements for the year ended December 31, 2020. The financial statements do not include certain disclosures that are normally required to be included in annual consolidated financial statements which have been condensed or omitted. These financial statements are presented in Canadian dollars ("CDN"), which is the functional currency of the Company, its subsidiary and partnerships.

The financial statements were authorized for issuance by Crew's Board of Directors on August 4, 2021.

3. COVID-19 estimation uncertainty:

In March 2020, the World Health Organization declared a global pandemic following the emergence and rapid spread of a novel strain of the coronavirus ("COVID-19"). The pandemic and subsequent measures intended to limit its spread, contributed to significant volatility in global financial markets. The pandemic has adversely impacted global commercial activity and has reduced worldwide demand for commodities including crude oil, natural gas and natural gas liquids ("ngl"). The result was significant economic uncertainty and a decline in commodity prices through most of 2020. While the price for crude oil, natural gas and ngl has recovered to pre-pandemic levels in the first half of 2021, the full extent of the impact of COVID-19 on the Company's operations and future financial performance is currently unknown. It will depend on future developments that are uncertain and unpredictable, including the duration and spread of COVID-19, its continued impact on financial markets on a macro-scale and any new information that may emerge concerning the effectiveness of available vaccines and the severity and spread of the virus and its variants. The pandemic presents uncertainty and risk with respect to the Company, its performance, and estimates and assumptions used by management in the preparation of its financial results.

The Company's financial performance, operations and business are particularly sensitive to a reduction in the demand for and prices of crude oil and natural gas. The potential direct and indirect impacts of the economic downturn related to COVID-19 have been considered in management's estimates and assumptions at period end and have been reflected in the Company's results with any significant changes described in the relevant financial statements note.

The COVID-19 pandemic is an evolving situation that will continue to have widespread implications for the Company's business environment, operations and financial condition. Management cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact the Company's financial statements in fiscal 2021 and beyond.

A full list of the key sources of estimation uncertainty can be found in note 4 of the annual consolidated financial statements for the year ended December 31, 2020. The pandemic and current market conditions have increased the complexity of estimates and assumptions used to prepare the financial statements, particularly related to the following key sources of estimation uncertainty:

Recoverable Amounts

Determining the recoverable amount of a cash-generating unit ("CGU") or an individual asset requires the use of estimates and assumptions, which are subject to change as new information becomes available. The severe drop in and volatility of forecasted commodity prices, due to reasons noted above, have increased the risk of measurement uncertainty in determining the estimated recoverable amounts, especially estimating the economic proved and probable oil and gas reserves and the related cash flows, and estimating forecasted oil and gas commodity prices.

Decommissioning Costs

Provisions are recorded for the future decommissioning and restoration of the Company's production facilities, wells and pipelines at the end of their economic lives. The Company assesses the existence and then estimates the future liability. Market volatility at June 30, 2021 increased the measurement uncertainty inherent in determining the appropriate discount rate that is used in the estimation of decommissioning liabilities.

Income Tax Provisions

Income taxes on earnings or loss in the interim periods are accrued using the income tax rate that would be applicable to the expected total annual earnings or loss. In the current economic environment, the expected total annual earnings or expected earnings are subject to measurement uncertainty. Changes to these assumptions could result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and the utilization of deferred tax assets, along with sufficient profit that will be realized to utilize these assets.

Accounts Receivable

The Company has increased its monitoring of receivables due from petroleum and natural gas marketers and from joint venture partners to manage credit risk. The Company historically has not experienced any collection issues with petroleum and natural gas marketers as a significant portion of these receivables are with creditworthy purchasers. To protect against credit losses from joint venture partners, the Company has the ability to withhold production in the event of non-payment and the ability to obtain the partners' share of capital expenditures in advance of a project. The Company continues to expect that its receivables are substantially collectible at June 30, 2021.

4. Financial risk management:

Derivative contracts:

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

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

At June 30, 2021, the Company held derivative commodity contracts as follows:

Notional Quantity	Term	Strike Price	Option Traded	Fair Value
Natural Gas – AECO Daily Index:				
19,000 gj/day	July 1, 2021 - September 30, 2021	$2.23/gj	Swap	$ (2,189)
2,500 gj/day	July 1, 2021 - October 31, 2021	$2.35/gj	Swap	(354)
7,500 gj/day	July 1, 2021 – December 31, 2021	$2.59/gj	Swap	(1,373)
17,500 gj/day	October 1, 2021 - December 31, 2021	$2.47/gj	Swap	(1,961)
22,500 gj/day	November 1, 2021 - December 31, 2021	$2.72/gj	Swap	(1,324)
15,000 gj/day	November 1, 2021 - March 31, 2022	$2.72/gj	Swap	(1,999)
20,000 gj/day	January 1, 2022 - March 31, 2022	$3.05/gj	Swap	(903)
15,000 gj/day	January 1, 2022 - December 31, 2022	$2.42/gj	Swap	(2,650)
20,000 gj/day	April 1, 2022 - June 30, 2022	$2.17/gj	Swap	(855)
5,000 gj/day	April 1, 2022 - October 31, 2022	$2.19/gj	Swap	(488)
20,000 gj/day	July 1, 2022 - September 30, 2022	$2.20/gj	Swap	(780)
20,000 gj/day	October 1, 2022 - December 31, 2022	$2.44/gj	Swap	(684)
Natural Gas – AECO Monthly Index:				
10,000 gj/day	July 1, 2021 - September 30, 2021	$2.19/gj	Swap	(1,046)
2,500 gj/day	July 1, 2021 - October 31, 2021	$2.05/gj	Swap	(402)
2,500 gj/day	July 1, 2021 – December 31, 2021	$2.45/gj	Swap	(488)
12,500 gj/day	July 1, 2021 - December 31, 2021	$2.50 - $2.85/gj	Collar[1]	(1,588)
9,000 gj/day	October 1, 2021 - December 31, 2021	$2.40/gj	Swap	(1,042)
5,000 gj/day	November 1, 2021 - March 31, 2022	$2.84/gj	Swap	(636)
5,000 gj/day	November 1, 2021 - March 31, 2022	$2.65 - $2.95/gj	Collar[2]	(606)
10,000 gj/day	January 1, 2022 - March 31, 2022	$3.09/gj	Swap	(434)
2,500 gj/day	January 1, 2022 - March 31, 2022	$2.75 - $3.20/gj	Collar[3]	(136)
7,500 gj/day	January 1, 2022 - December 31, 2022	$2.36/gj	Swap	(1,490)
10,000 gj/day	April 1, 2022 - June 30, 2022	$2.20/gj	Swap	(410)
10,000 gj/day	July 1, 2022 - September 30, 2022	$2.22/gj	Swap	(356)
10,000 gj/day	October 1, 2022 - December 31, 2022	$2.48/gj	Swap	(270)
Natural Gas – CDN$ Chicago Citygate Daily:				
17,500 mmbtu/day	July 1, 2021 - October 31, 2021	$3.47/mmbtu	Swap	(1,952)
Natural Gas – CDN$ Chicago Citygate Monthly:				
7,500 mmbtu/day	July 1, 2021 - October 31, 2021	$3.49/mmbtu	Swap	(797)
Crude Oil – CDN$ WCS:				
500 bbl/day	July 1, 2021 - December 31, 2021	$45.88bbl	Swap	(2,256)
250 bbl/day	October 1, 2021 - December 31, 2021	$57.20/bbl	Swap	(255)
250 bbl/day	January 1, 2022 - March 31, 2022	$56.30/bbl	Swap	(243)

Notional Quantity	Term	Strike Price	Option Traded	Fair Value
(continued)				
CDN$ Edmonton C5 Blended Index:				
1,500 bbl/day	July 1, 2021 - December 31, 2021	$61.24/bbl	Swap	(7,046)
500 bbl/day	January 1, 2022 - June 30, 2022	$72.13/bbl	Swap	(973)
Total				**$ (37,986)**

(1) The referenced contract is a costless collar whereby the Company receives $2.50/gj when the market price is below $2.50/gj, and receives $2.85/gj when the market price is above $2.85/gj.
(2) The referenced contract is a costless collar whereby the Company receives $2.65/gj when the market price is below $2.65/gj, and receives $2.95/gj when the market price is above $2.95/gj.
(3) The referenced contract is a costless collar whereby the Company receives $2.75/gj when the market price is below $2.75/gj, and receives $3.20/gj when the market price is above $3.20/gj.

Subsequent to June 30, 2021, the Company entered into the following derivative commodity contracts:

Notional Quantity	Term	Strike Price	Option Traded
Natural Gas – AECO Daily Index:			
2,500 gj/day	April 1, 2022 - October 31, 2022	$2.73/gj	Swap
CDN$ Edmonton C5 Blended Index:			
250 bbl/day	January 1, 2022 - June 30, 2022	$85.00/bbl	Swap

Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with the financial liabilities. The Company's financial liabilities consist of accounts payable, financial instruments, the bank loan and the senior unsecured notes and lease obligations. Accounts payable and accrued liabilities consists of invoices payable to trade suppliers for office, field operating activities and capital expenditures. The Company processes invoices within a normal payment period. Accounts payable and financial instruments have contractual maturities of less than one year. To meet these obligations, the Company maintains a revolving credit facility, as outlined in note 6, which is subject to annual renewal by the lenders and has a contractual maturity in 2023, if not extended. The Company maintains and monitors cash flow which is used to partially finance operating and capital expenditures, and does not pay dividends. In addition, the Company issued $300 million in senior unsecured notes in 2017 that are scheduled to mature in 2024, as discussed in note 7.

Capital management:

The Company considers its capital structure to include working capital, long-term debt (including the bank loan and senior unsecured notes) and shareholders' equity. Crew's primary capital management objective is to maintain a strong financial position in order to continue to fund the Company's sustainability. Crew monitors its capital structure and makes adjustments on an ongoing basis in order to maintain the flexibility needed to achieve the Company's long-term objectives. To manage its capital structure, the Company may adjust capital spending, hedge future revenue through commodity contracts, issue new equity, issue new debt or raise funds through asset sales.

With 43% drawn on the Company's $150 million Facility and the senior unsecured notes termed out to 2024, the Company's financial position remains strong, with sufficient liquidity to fund the Company's on-going operations. The Company will continue to monitor debt levels and, if necessary, it will consider divesting of non-core properties, adjust its annual capital expenditure program or may consider other forms of financing to improve its financial position.

Net debt:

Capital Management includes the monitoring of net debt as part of the Company's capital structure.

The following table outlines Crew's calculation of net debt:

		June 30, 2021		December 31, 2020
Current assets	**$**	**27,731**	$	26,853
Current liabilities		**(75,994)**		(47,212)
Derivative financial instruments		**34,437**		(4,002)
Decommissioning obligations		**2,544**		-
Working capital deficiency	**$**	**(11,282)**	$	(24,361)
Bank loan		**(64,515)**		(35,994)
Senior unsecured notes		**(297,343)**		(296,851)
Net debt	**$**	**(373,140)**	$	(357,206)

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The Facility is subject to a semi-annual review of the Borrowing Base which is directly impacted by the value of the oil and natural gas reserves (Bank loan – note 6).

Funds from operations and adjusted funds flow:

One of the benchmarks Crew uses to evaluate its capital management is funds from operations and adjusted funds flow. Funds from operations represents cash provided by operating activities before changes in operating non-cash working capital and accretion of deferred financing costs. Adjusted funds flow represents funds from operations before decommissioning obligations settled. The Company considers these metrics as key measures that demonstrate the ability of the Company's continuing operations to generate the cash flow necessary to maintain production at current levels and fund future growth through capital investment and to service and repay debt. Management believes that such measures provide an insightful assessment of the Company's operations on a continuing basis by eliminating certain non-cash charges and actual settlements of decommissioning obligations, the timing of which is discretionary.

		Three months ended June 30, 2021		Three months ended June 30, 2020		**Six months ended June 30, 2021**		Six months ended June 30, 2020
Cash provided by operating activities	**$**	**24,890**	$	8,175	**$**	**55,337**	$	18,094
Change in operating non-cash working capital		**1,097**		(3,396)		**3,805**		(751)
Accretion of deferred financing costs (note 12)		**(246)**		(247)		**(492)**		(492)
Funds from operations	**$**	**25,741**	$	4,532	**$**	**58,650**	$	16,851
Decommissioning obligations (recovered) settled excluding grants (note 9)		**(211)**		101		**875**		182
Adjusted funds flow	**$**	**25,530**	$	4,633	**$**	**59,525**	$	17,033

5. Property, plant and equipment:

Cost		Total
Balance, January 1, 2020	$	2,626,078
Additions		86,260
Acquisitions		13,019
Divestitures		(16,061)
Change in decommissioning obligations		8,512
Capitalized share-based compensation		2,186
Balance, December 31, 2020	$	2,719,994
Additions		71,288
Divestitures		(2,505)
Increase in right-of-use assets		131
Change in decommissioning obligations		(487)
Capitalized share-based compensation		1,259
Balance, June 30, 2021	**$**	**2,789,680**

Accumulated depletion and depreciation		Total
Balance, January 1, 2020	$	1,224,450
Depletion and depreciation expense		71,054
Divestitures		(1,876)
Impairment		267,334
Balance, December 31, 2020	$	1,560,962
Depletion and depreciation expense		34,991
Divestitures		(1,352)
Balance, June 30, 2021	**$**	**1,594,601**

Net book value		Total
Balance, June 30, 2021	**$**	**1,195,079**
Balance, December 31, 2020	$	1,159,032

The calculation of depletion and depreciation expense for the six months ended June 30, 2021 included estimated future development costs of $1,590.9 million (December 31, 2020 - $1,616.0 million) associated with the development of the Company's proved plus probable reserves and excludes salvage value of $70.2 million (December 31, 2020 - $70.5 million) and undeveloped land of $147.1 million (December 31, 2020 - $148.0 million) related to future development acreage with no associated reserves.

Included in depletion and depreciation expense for the six months ended June 30, 2021, is $0.2 million (December 31, 2020 - $0.4 million) related to the right-of-use assets for the Company's leases. As at June 30, 2021, the net book value of these right-of-use assets is $2.5 million (December 31, 2020 - $2.6 million).

There were no indicators of impairment or reversal for the Company's CGUs as at June 30, 2021, and therefore an impairment test was not performed.

6. Bank loan:

As at June 30, 2021, the Company's bank facility consists of a revolving line of credit of $125 million and an operating line of credit of $25 million (the "Facility"). The Facility revolves for a 364 day period and will be subject to its next 364 day extension by June 3, 2022. If not extended, the Facility will cease to revolve, the margins thereunder will increase by 0.50 per cent and all outstanding advances thereunder will become repayable in one year from the extension date. The available lending limits of the Facility (the "Borrowing Base") are reviewed semi-annually and are based on the bank syndicate's interpretation of the Company's reserves and future commodity prices. The Facility requires the Company to maintain a Liability Management Rating ("LMR") of greater than 1.2:1 in the provinces of Alberta and Saskatchewan, and greater than 2.0:1 in the province of British Columbia, if the uninflated, undiscounted abandonment and reclamation liabilities ("Decommissioning Obligations"), as determined by the individual province, is greater than $20 million. If the LMR falls below the required level in any province, the lenders have the option to re-determine the Borrowing Base. As at June 30 2021, the Company's Decommissioning Obligations exceeded $20 million only in the province of British Columbia, which carried an LMR of 7.9:1. 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, 2022. The Facility is secured by a floating charge debenture and a general securities agreement on all the assets of the Company.

Advances under the Facility are available by way of prime rate loans with interest rates between 2.00 percent and 5.50 percent over the bank's prime lending rate and bankers' acceptances and LIBOR loans, which are subject to stamping fees and margins ranging from 3.00 percent to 6.50 percent depending upon the secured 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 0.75 percent to 1.63 percent depending upon the secured debt to EBITDA ratio. As at June 30, 2021, the Company's applicable pricing included a 2.25 percent margin on prime lending, a 3.25 percent stamping fee and margin on bankers' acceptances and LIBOR loans along with a 0.81 percent per annum standby fee on the portion of the Facility that is not drawn. Borrowing margins and fees are reviewed annually as part of the bank syndicate's annual renewal.

At June 30, 2021, the Company had issued letters of credit totaling $11.7 million (December 31, 2020 - $9.4 million).

7. Senior unsecured notes:

On March 14, 2017, the Company issued $300 million of 6.5% senior unsecured notes, due March 14, 2024 (the "2024 Notes"). The 2024 Notes are guaranteed, jointly and severally, on an unsecured basis, by each of the Company's current and future restricted subsidiaries. Interest on the 2024 Notes accrues at the rate of 6.5% per year and is payable semi-annually.

At any time on or after March 14, 2020, the Company may redeem, on any one or more occasions, all or part of the 2024 Notes at the redemption prices set forth below, plus any accrued and unpaid interest:

Year[1]	Percentage
2021	102.145%
2022	101.040%
2023 and thereafter	100.000%

(1) For the 12 month period beginning on March 14 of each year.

Upon the occurrence of a change of control, the Company will be required to offer to repurchase each holder's notes at a price equal to not less than 101% of the principal amount, plus any accrued and unpaid interest.

At June 30, 2021, the carrying value of the 2024 Notes was net of deferred financing costs of $2.7 million (December 31, 2020 – $3.1 million).

8. Lease obligations:

	As at June 30, 2021	As at December 31, 2020
Less than 1 year	**$ -**	$ -
1 – 3 years	**1,339**	974
After 3 years	**1,883**	2,117
Total undiscounted future lease payments	**$ 3,222**	$ 3,091
Total undiscounted future interest payments	**(330)**	(382)
Present value of lease obligations	**$ 2,892**	$ 2,709
Current portion of lease obligations, included in accounts payable and accrued liabilities	**108**	105
Long-term portion of lease obligations	**$ 3,000**	$ 2,814

		Six months ended June 30, 2021		Year ended December 31, 2020
Principal payments	$	-	$	187
Interest payments		52		102
Total	$	52	$	289

The Company's total undiscounted future lease payments of $3.2 million (December 31, 2020 – $3.1 million) equate to future lease obligations. This amount excludes commitments for firm transportation and processing agreements, as disclosed in note 13, as they do not meet the definition of a lease as the Company does not control the asset or receive substantially all of the asset's economic benefits.

9. Decommissioning obligations:

		Six months ended June 30, 2021		Year ended December 31, 2020
Decommissioning obligations, beginning of period	$	93,178	$	87,024
Obligations incurred		1,872		2,275
Obligations acquired		-		1,229
Obligations settled		(2,005)		(3,115)
Obligations divested		(1,473)		(1,693)
Change in estimated future cash outflows		(2,359)		6,237
Accretion of decommissioning obligations		702		1,221
Decommissioning obligations, end of period	$	89,915	$	93,178

The Company's decommissioning obligations result from its ownership interest in oil and natural gas assets, including well sites and facilities. The total decommissioning obligation is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities and the estimated timing of the costs to be incurred in future years. The Company has estimated the net present value of the decommissioning obligations to be $89.9 million as at June 30, 2021 (December 31, 2020 – $93.2 million) based on an inflation adjusted undiscounted total future liability of $133.0 million (December 31, 2020 – $108.6 million). These payments are expected to be made over the next 40 years, with the majority of costs to be incurred between 2024 and 2038. The inflation rate applied to the liability is 1.66% (December 31, 2020 – 1.38%). The discount factor, being the risk-free rate related to the liability, is 1.77% (December 31, 2020 – 1.10%). The $2.4 million (December 31, 2020 – $6.2 million) change in estimated future cash outflows for the six months ended June 30, 2021 is a result of a change in the inflation rate, discount factor and estimated future abandonment costs.

Included in decommissioning obligations settled is $1.1 million (December 31, 2020 – $1.1 million) related to government grants earned for well site rehabilitation and recognized in Other Income.

10. Share capital:

At June 30, 2021, the Company was authorized to issue an unlimited number of common shares with the holders of common shares entitled to one vote per share.

Restricted and performance award incentive plan:

The Company has a Restricted and Performance Award Incentive Plan ("RPAP") which authorizes the Board of Directors to grant restricted awards ("RAs") and performance awards ("PAs") to directors, officers, employees, consultants or other service providers of Crew and its affiliates.

Subject to terms and conditions of the RPAP, each RA and PA entitles the holder to an award value typically vesting as to one-third on each of the first, second and third anniversaries of the date of grant. For the purpose of calculating share-based compensation, the fair value of each award is determined at the grant date using the closing price of the common shares. In the case of PAs, the award value is adjusted for a payout multiplier which can range from 0.0 to 2.0 and is dependent on the performance of the Company relative to pre-defined corporate performance measures for a particular period. On the settlement date, the Company has the option of settling the award value in cash or common shares of the Company.

For RAs and PAs granted prior to May 21, 2018, the Company is eligible to settle the award value for any such grants either in cash, in common shares issued from treasury or shares acquired in the open market by an independent trustee for such purposes. For RAs and PAs granted subsequent to May 21, 2018 and prior to May 20, 2021, the Company is eligible to settle the award value for any such grants either in cash or in common shares acquired by an independent trustee in the open market for such purposes. For RAs and PAs granted subsequent to May 20, 2021, the Company is again, following shareholder approval, eligible to settle the award value of such grants either in common shares issued from treasury or in common shares acquired by an independent trustee in the open market for such purposes. The Company is no longer eligible to settle awards granted after May 20, 2021 with cash.

Common shares are acquired in the open market by an independent trustee and are held in trust for the potential future settlement of award values and are netted out of share capital, including the cumulative purchase cost, until they are distributed for future settlements. For the six months ended June 30, 2021, the trustee purchased 2,978,000 common shares for a total cost of $3.3 million and as at June 30, 2021 the trustee holds 2,558,000 common shares in trust.

Upon the vesting and settlement of 1,960,000 RAs and 2,135,000 PAs, when taking into account the earned multipliers for PAs, 127,000 common shares of the Company were issued from treasury and 5,688,000 common shares were released from trust for the six months ended June 30, 2021.

The number of RAs and PAs outstanding are as follows:

	Number of RAs	Number of PAs
Balance, January 1, 2021	3,746	4,435
Granted	2,201	2,524
Vested	(1,960)	(2,135)
Forfeited	(40)	(40)
Balance, June 30, 2021	**3,947**	**4,784**

Per share amounts:

Per share amounts have been calculated on the weighted average number of shares outstanding. The weighted average shares outstanding for the three month period ended June 30, 2021 was 153,984,000 (June 30, 2020 – 153,239,000) and for the six months ended June 30, 2021, the weighted average number of shares outstanding was 152,401,000 (June 30, 2020 – 152,413,000).

In computing diluted earnings per share, the Company considers the dilutive impact of RAs and PAs. For the three month period ended June 30, 2021, nil (June 30, 2020 – nil) shares were added to the weighted average common shares outstanding to account for the dilution of RAs and PAs and for the six month period ended June 30, 2021, nil (June 30, 2020 – nil) shares were added to the weighted average common shares for dilution. For the three month period ended June 30, 2021, there were 8,731,000 (June 30, 2020 – 8,485,000) RAs and PAs that were not included in the diluted earnings per share calculation because they were anti-dilutive. For the six month period ended June 30, 2021, there were 8,731,000 (June 30, 2020 – 8,485,000) RAs and PAs that were not included in the diluted earnings per share calculation because they were anti-dilutive.

11. Revenue:

Petroleum and natural gas sales:

Crew sells its production pursuant to fixed or variable-price contracts. The transaction price for variable priced contracts is based on the commodity price, adjusted for quality, location or other factors, whereby each component of the pricing formula can be either fixed or variable, depending on the contract terms. Under the contracts, the Company is required to deliver a fixed or variable volume of crude oil, condensate, other ngl or natural gas to the customer. Revenue is recognized when a unit of production is delivered to the customer. The amount of revenue recognized is based on the agreed transaction price, whereby any variability in revenue relates specifically to the Company's efforts to transfer production, and therefore the resulting revenue is allocated to the production delivered in the period during which the variability occurs. As a result, none of the variable revenue is considered constrained.

Crude oil, condensate and ngl are sold under contracts of varying terms of up to one year. The Company's natural gas is sold through a combination of spot sales, month ahead physical sales, short term and multi-year contracts. Revenues are typically collected on the 25th day of the month following production.

The following table summarizes the Company's petroleum and natural gas sales, all of which are from revenue with contracts with customers:

	Three months ended June 30, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Light crude oil	**$ 1,116**	$ 418	**$ 2,009**	$ 1,296
Heavy crude oil	**6,299**	1,933	**11,302**	4,721
Natural gas liquids	**2,896**	1,513	**5,827**	2,525
Condensate	**20,699**	5,678	**37,700**	22,343
Natural gas	**37,540**	15,347	**97,229**	32,098
	$ 68,550	$ 24,889	**$ 154,067**	$ 62,983

Marketing and processing revenue:

The following table summarizes the Company's marketing and processing revenue:

	Three months ended June 30, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Marketing revenue	**$ -**	$ (524)	**$ -**	$ (291)
Processing revenue	**482**	604	**1,036**	1,243
	$ 482	$ 80	**$ 1,036**	$ 952

12. Financing:

	Three months ended June 30, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Interest expense	**$ 5,856**	$ 5,480	**$ 11,525**	$ 10,854
Interest on lease obligations	**25**	-	**52**	-
Accretion of deferred financing costs	**246**	247	**492**	492
Accretion of decommissioning obligations	**440**	383	**702**	766
	$ 6,567	$ 6,110	**$ 12,771**	$ 12,112

13. Commitments:

	Total	2021	2022	2023	2024	2025	Thereafter
Firm transportation agreements	$ 181,111	$ 19,277	$ 36,113	$ 27,809	$ 27,359	$ 26,711	$ 43,842
Firm processing agreements	190,895	9,436	18,718	18,718	18,752	18,718	106,553
Total	**$ 372,006**	**$ 28,713**	**$ 54,831**	**$ 46,527**	**$ 46,111**	**$ 45,429**	**$ 150,395**

Firm transportation agreements include commitments to third parties to transport condensate, ngl and natural gas from gas processing facilities in northeast British Columbia.

Firm processing agreements include commitments to process natural gas through the Greater Septimus Processing Complex in northeast British Columbia.

DIRECTORS & OFFICERS

OFFICERS

Dale O. Shwed
President and Chief Executive Officer

John G. Leach, CPA, CA
Executive Vice President and Chief Financial Officer

James Taylor
Chief Operating Officer

Jamie L. Bowman
Senior Vice President, Marketing & Originations

Kurtis Fischer
Vice President, Business Development

Paul Dever
Vice President, Government & Stakeholder Relations

Kevin G. Evers, P. Geol.
Vice President, Geosciences

Mark Miller
Vice President, Land and Negotiations

BOARD OF DIRECTORS

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Chairman Independent Director

Dennis L. Nerland
Independent Director

Karen Nielsen
Independent Director

Ryan Shay, CPA, CA
Independent Director

Gail Hannon
Independent Director

Dale O. Shwed
President, Crew Energy Inc.

CORPORATE SECRETARY

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

ABBREVIATIONS

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