Interim Report

Q3

2020

Third Quarter ending September 30, 2020

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 nine month periods ended September 30, 2020.

Q3 2020 HIGHLIGHTS

- **Production Guidance Increased:** Q3 production averaged 20,207 boe (121.2 mmcfe) per day, beating our quarterly guidance range of 18,000 to 19,000 boe per day, while volumes for the first nine months of 2020 averaged 22,052 boe per day, 4% lower than the same period of 2019. Strong well performance has allowed the Company to increase Q4/20 guidance from 19,500 to 20,500 boe per day to 20,000 to 21,000 boe per day and refine annual production guidance to 21,000 to 22,000 boe per day.

- **Adjusted Funds Flow ("AFF")[1] Improves From Q2/20:** AFF totaled $8.5 million ($0.06 per fully diluted share) in Q3/20, an 85% improvement, sequentially, over Q2/20 due to improved commodity pricing and operating cost reductions.

- **Operating Costs Reduced:** General and administrative (**"**G&A") costs per boe declined 42% and 36% in Q3/20 and the first nine months of 2020 over the same periods of 2019, respectively, averaging $0.79 per boe in Q3, while net operating costs per boe declined 3% and 6% compared to the same respective 2019 periods, averaging $5.74 per boe in Q3. These efforts have allowed the Company to reduce 2020 annual operating cost guidance from $6.00 to $6.50 per boe to $5.75 to $6.00 per boe.

- **Capital Allocated to Drive Returns:** Net capital expenditures[1] totaled $21.8 million, $13.4 million of which was primarily directed to drilling activities, including the drilling of the first six wells on the seven well West Septimus 9-5 pad, which is expected to be on production prior to year-end.

- **Strong Drilling Performance:** The Company realized further cost and operational improvements on the West Septimus 9-5 pad, including reducing drill times by over 20% relative to our performance on the previously drilled 3-32 pad, which is expected to contribute to strong capital efficiencies and enhanced returns.

- **Retaining Financial Flexibility:** Quarter end net debt[1] of $353.7 million positions the Company well from a liquidity perspective, with 28% drawn on our $150 million credit facility, reconfirmed until June 2021, and an additional net $23 million of proceeds received during the fourth quarter related to the strategic infrastructure transactions previously disclosed in Q1/20. With $300 million of senior notes termed out until 2024, Crew has no near-term maturities or repayment requirements.

- **Advancing Environmental, Social and Governance ("ESG") Principles:** With meaningful support received through various provincial and federal government stimulus programs, Crew is reducing our environmental footprint by directing capital to ongoing abandonment, reclamation and restoration activities at inactive well sites, pipelines and facilities, positively impacting our asset decommissioning obligation liabilities and ESG performance.

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(1) Non-IFRS Measure. "adjusted funds flow", "net debt", and "net capital expenditures" do not have standardized measures prescribed by International Financial Reporting Standards ("IFRS"), and therefore may not be comparable with the calculations of similar measures for other companies. See "Information Regarding Disclosure on Oil and Gas Reserves, Operational Information and Non-IFRS Measures" within this report for details including reasons for use.

FINANCIAL & OPERATING HIGHLIGHTS:

FINANCIAL ($ thousands, except per share amounts)	**Three months ended Sept. 30, 2020**	Three months ended Sept. 30, 2019	**Nine months ended Sept. 30, 2020**	Nine months ended Sept. 30, 2019
Petroleum and natural gas sales	**32,344**	41,597	**95,327**	148,591
Adjusted Funds Flow [1]	**8,549**	16,664	**25,582**	64,948
Per share - basic	**0.06**	0.11	**0.17**	0.43
- diluted	**0.06**	0.11	**0.17**	0.43
Net (loss) income	**(21,136)**	(3,255)	**(237,848)**	18,306
Per share - basic	**(0.14)**	(0.02)	**(1.56)**	0.12
- diluted	**(0.14)**	(0.02)	**(1.56)**	0.12
Exploration and Development expenditures	**21,876**	18,466	**45,253**	87,704
Property acquisitions (net of dispositions)	**(35)**	7	**(34,931)**	(19,166)
Net capital expenditures	**21,841**	18,473	**10,322**	68,538

Capital Structure ($ thousands)	**As at Sept. 30, 2020**	As at Dec. 31, 2019
Working capital deficiency (surplus) [2]	**14,998**	(149)
Bank loan	**42,137**	52,136
	57,135	51,987
Senior Unsecured Notes	**296,605**	295,868
Total Net Debt [3]	**353,740**	347,855
Common Shares Outstanding (thousands)	**151,742**	151,534

Notes:

(1) Non-IFRS Measure. AFF is calculated as cash provided by operating activities, adding the change in non-cash working capital, decommissioning obligation expenditures, excluding grants, and accretion of deferred financing costs on the senior unsecured notes. AFF does not have a standardized measure prescribed by International Financial Reporting Standards, ("IFRS") and therefore may not be comparable with the calculations of similar measures for other companies. See "Non-IFRS Measures" contained within Crew's MD&A for details including a reconciliation of AFF to its most closely related IFRS measure.

(2) Non-IFRS Measure. Working capital deficiency and surplus includes accounts receivable and net assets held for sale; less accounts payable and accrued liabilities. See "Non-IFRS Measures" contained within Crew's MD&A.

(3) Non-IFRS Measure. Net debt is defined as outstanding long-term debt and net working capital. See "Non-IFRS Measures" within the Company's MD&A.

Operations	**Three months ended Sept. 30, 2020**	Three months ended Sept. 30, 2019	**Nine months ended Sept. 30, 2020**	Nine months ended Sept. 30, 2019
Daily production				
Light crude oil (bbl/d)	**159**	233	**188**	205
Heavy crude oil (bbl/d)	**1,464**	1,627	**1,389**	1,653
Natural gas liquids ("ngl")[1] (bbl/d)	**1,894**	2,148	**2,109**	2,071
Condensate (bbl/d)	**2,247**	2,575	**2,739**	2,773
Natural gas (mcf/d)	**86,658**	97,443	**93,763**	97,608
Total (boe/d @ 6:1)	**20,207**	22,824	**22,052**	22,970
Average prices [2]				
Light crude oil ($/bbl)	**43.93**	63.81	**37.56**	63.39
Heavy crude oil ($/bbl)	**37.82**	52.86	**25.79**	52.58
Natural gas liquids ($/bbl)	**11.08**	0.57	**7.71**	6.16
Condensate ($/bbl)	**43.53**	62.19	**41.77**	64.73
Natural gas ($/mcf)	**1.97**	1.95	**1.86**	2.58
Oil equivalent ($/boe)	**17.40**	19.81	**15.78**	23.70

Notes:

(1) Throughout this report, natural gas liquids ("ngl") comprise all natural gas liquids as defined by NI 51-101 other than condensate, which is disclosed separately.

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

	Three months ended Sept. 30, 2020	Three months ended Sept. 30, 2019	**Nine months ended Sept. 30, 2020**	Nine months ended Sept. 30, 2019
Netback ($/boe)				
Petroleum and natural gas sales	**17.40**	19.81	**15.78**	23.70
Royalties	**(0.76)**	(1.49)	**(0.74)**	(1.70)
Realized commodity hedging gain	**1.90**	1.38	**2.33**	0.12
Marketing income(1)	**(0.28)**	1.33	**(0.13)**	1.32
Net operating costs(2)	**(5.74)**	(5.94)	**(5.72)**	(6.06)
Transportation costs	**(3.89)**	(2.80)	**(3.49)**	(2.69)
Operating netbacks(3)	**8.63**	12.29	**8.03**	14.69
G&A	**(0.79)**	(1.36)	**(0.91)**	(1.42)
Other revenue	**0.12**	-	**0.04**	-
Financing costs on long-term debt	**(3.25)**	(2.99)	**(2.88)**	(2.90)
Adjusted funds flow	**4.71**	7.94	**4.28**	10.37
Drilling Activity				
Gross wells	**6**	0	**8**	6
Working interest wells	**6.0**	0.0	**8.0**	6.0
Success rate, net wells (%)	**100%**	N/A	**100%**	100%

Notes:

(1) Marketing income was recognized from the monetization of forward natural gas 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. Operating netback equals petroleum and natural gas sales including realized hedging gains and losses on commodity contracts, marketing income, less royalties, net operating costs and transportation costs calculated on a boe basis. Operating netback does not have a standardized measure prescribed by IFRS and therefore may not be comparable with the calculations of similar measures for other companies. See "Non-IFRS Measures" within Crew's MD&A.

THE CREW ADVANTAGE

As the global economy continued to manage through the broad-reaching effects of COVID-19 during Q3/20, the energy sector began to see some optimism with improving commodity prices, particularly for natural gas, and a slow return of industry activity. These factors contributed to Crew exceeding our previous quarterly production guidance range and delivering AFF per share which improved as the quarter progressed. The stronger forward curve for natural gas prices gave us an opportunity to continue adding to the Company's robust 2020 and 2021 hedge positions, which we have continued into the fourth quarter. Operationally, we remained active in Q3/20, focusing on the drilling of the first six wells on our seven-well 9-5 pad at West Septimus. With the combination of improved natural gas prices, a solid hedge position and favorable geology at West Septimus, Crew expects this project to generate compelling returns, with capital cost recoveries in approximately 12 to 14 months.

Crew's large proved plus probable reserve base of 2.46 TCFE[1,2] provides low risk development and our uniquely positioned Montney asset base provides diversity of commodity types, as well as exposure to market diversification opportunities. The Company's proactive marketing strategy is centered on maintaining the flexibility to react quickly when markets dictate, allowing the Company to enhance AFF. This process has resulted in an active rebalancing of Crew's marketing portfolio to align our transportation commitments and processing capacity, while redirecting natural gas to markets that support stronger price realizations.

Advancing Crew's ESG goals and conducting our operations to the highest standards has always been part of our corporate identity. Our team of employees and contractors remained safe during the quarter, with zero recordable or lost time injuries and no reported incidents of COVID-19. Our environmental performance was exemplary as the Company had no reportable spills in Q3/20. The twinning and start-up of a pipeline at West Septimus earlier in the year continues to support production volumes, while reducing gas lift compression requirements. This proactive initiative facilitates an expected reduction of 1,550 tonnes of CO_2 emissions annually, having the equivalent impact of removing 337 cars from the road each year[3]. In addition, a West Septimus water disposal well that began operating in Q2/20 is expected to handle all produced water from the West Septimus processing facility, ultimately reducing annual costs by up to $6.0 million, while eliminating 2,800 tonnes of CO_2 emissions, equivalent to removing 609 cars off the road annually[3].

(1) Reflects total corporate reserves based on the Corporation's independent reserves evaluation effective December 31, 2019

(2) Oil equivalent amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil

(3) The average North American car emits 4.6 tonnes of CO_2 per year (Source: EPA / Natural Resources Canada)

FINANCIAL OVERVIEW

Production Higher as Prices Improve

- Third quarter production averaged 20,207 boe per day, while volumes for the nine months ended September 30, 2020 were 22,052 boe per day, in-line with Crew's projected annual range of 20,000 to 22,000 boe per day for 2020. Production for the period exceeded guidance, a result of gathering system improvements in the ultra-condensate rich ("UCR") area and better than expected well performance from both our 3-32 pad and from our two new Lloydminster heavy oil wells that were drilled in Q1/20. Production in Q3/20 reflects 41% lower exploration and development spending over the past twelve months compared to the same period of 2019, the planned ten-day turnaround at our Septimus processing facility which was completed in five days, and a 29-day turnaround at the McMahon gas processing facility which was completed on time.
- Production from Crew's Septimus and West Septimus areas ("Greater Septimus") averaged 17,119 boe per day in Q3/20, 13% and 8% lower than Q3/19 and Q2/20, respectively, reflecting reduced exploration and development spending over the past 12 months and production that was offline for the five day Septimus facility turnaround during the quarter.
- Exploration and development expenditures in Q3/20 totaled $21.8 million, within the previously established guidance range of $20 to $25 million. This amount included $13.4 million that was directed primarily to drilling activities, $6.6 million to well sites, facilities and pipelines and $1.9 million to land, seismic and other miscellaneous items.

Positive AFF

- Crew generated $8.5 million of AFF in Q3/20 ($0.06 per fully diluted share), an 85% increase over Q2/20 and a 49% decrease compared to the same period of 2019, with AFF of $25.6 million ($0.17 per fully diluted share) in the nine months ended September 30, 2020, as AFF continued to be impacted by a challenging commodity price environment.
- Commodity prices recovered through Q3/20 as benchmark prices for all products increased quarter-over-quarter. Improved commodity prices reflect increased global demand as restrictions related to COVID-19 were eased. Despite this improvement, benchmark prices remain below prior year levels due to the ongoing global impact of COVID-19.
    - Crew's realized light crude oil price was 83% higher than Q2/20 and 31% lower than in Q3/19, compared to an increase of 42% and a decrease of 27% in the Canadian dollar denominated West Texas Intermediate ("WTI") benchmark price over the same respective periods. The Company's Q3/20 realized price improvement was more pronounced than the WTI benchmark due to improved pricing differentials between Canadian and US crude benchmark pricing as egress to US markets was more abundant given lower production moving out of Canada during the third quarter.
    - The Western Canada Select ("WCS") heavy crude oil benchmark increased 89% from Q2/20 and decreased 27% from Q3/19, with Crew's realized heavy crude oil price increasing 109% and decreasing 28% relative to both periods, respectively. Crew's heavy crude oil price outperformance relative to the Q2/20 benchmark was the result of the above-mentioned improvement in Canadian oil differentials.
    - Pricing for the Company's ngl production in Q3/20 increased 43% and 1,844% over Q2/20 and Q3/19, respectively, largely due to increases in propane and butane pricing across North America. Higher ngl component prices can have a significant impact on Crew's realized ngl price as the increased component pricing disproportionately offsets the imbedded cost of processing and fractionation netted into Crew's realized price.
    - Crew's realized condensate prices increased by 84% in Q3/20 compared to Q2/20, and decreased 30% from Q3/19, compared to an increase of 63% and a decrease of 27% in the Canadian dollar denominated Edmonton condensate benchmark price over the same periods, with the relative difference being the result of fixed transportation costs netted into the price Crew receives for delivering condensate to market at our plant gate.
    - Crew's Q3/20 natural gas sales continued to be exposed to diversified markets, a feature that has benefited the Company significantly in the past, particularly our greater exposure to US markets. During 2020, the Company, through legacy contracts, continues to expose a large percentage of our natural gas production to the Chicago City Gate market delivered at ATP. This market has underperformed Canadian markets year-to-date, and has impacted Crew's realized gas price. Based on this pricing exposure in Q3/20, Crew's realized natural gas price increased 12% and 1% relative to Q2/20 and Q3/19, respectively. As we move into Q4/20, Crew expects improved pricing for our natural gas portfolio with a greater percentage of production directed to Canada's AECO market, while the forward price for Crew's US markets is forecasted to trade in-line or above Canadian prices.

Costs Trending Lower

- A focused effort by the Company to reduce operating costs has led to the lower realized charges. In Q3/20, net operating costs of $5.74 per boe were 3% lower than Q3/19, and were 6% lower for the first nine months of 2020 compared to the same period of 2019. These efforts have allowed the Company to reduce 2020 annual operating cost guidance from $6.00 to $6.50 per boe to $5.75 to $6.00 per boe.

- G&A costs of $0.79 per boe in Q3/20 and $0.91 per boe in the first nine months of 2020 declined 42% and 36% from the comparable periods in 2019, respectively, and were comparable to Q2/20, reflecting administrative cost reductions, lower compensation costs, lower head office operating costs and property taxes, and the impact of government grants received under the Canada Emergency Wage Subsidy.

Liquidity Remains Strong

- Q3/20 ending net debt of $353.7 million was similar to the same period in 2019 and approximately 4% higher than the previous quarter, reflecting increased capital spending activities directed to drilling our 9-5 multi-well pad at West Septimus.

- Crew's debt is comprised of $300 million of senior unsecured term debt with no financial maintenance covenants or repayment required until 2024, and a $150 million credit facility drawn 28% at quarter-end. In early November, the facility's borrowing base was reconfirmed at $150 million until June 2021.

- The second phase of the previously disclosed infrastructure transactions closed in early November, netting Crew approximately $23 million of proceeds that have been applied against the Company's outstanding bank debt. The Company also has the option to transact on a further disposition of Crew's ownership interest in the Greater Septimus gas processing complex, which, if exercised, would generate up to an incremental $37.5 million between January 2021 and June 2023.

TRANSPORTATION, MARKETING & HEDGING

Market Access Diversification and Increased Risk Management Focus

- As natural gas prices have strengthened across sales hubs in western Canada in 2020, Crew has taken steps to rebalance the Company's marketing portfolio to reduce transportation commitments and their associated costs, as well as redirect our natural gas portfolio to those markets across North American that offer the best prices to support stronger netbacks.

- At the beginning of November 2020, Crew's commitments on the Alliance pipeline have been reduced from 100 mmcf per day to 65 mmcf per day with the Company retaining annual renewal rights.

- Crew's average natural gas sales exposure in Q3/20 was weighted approximately 54% to Chicago (up from 49% in Q2/20), 18% to Henry Hub (up from 16% in Q2/20), 22% to Alliance 5A (down from 24% in Q2/20), 5% to Station 2 (down from 8% in Q2/20) and 1% to AECO 5A (down from 3% in Q2/20).

- For Q4/20, the Company's sales portfolio is estimated to be weighted 47% to Chicago, 6% to Henry Hub, 17% to Alliance 5A, 9% to Station 2, and 21% to AECO 5A.

- Into 2021, based on current forward pricing, our estimated natural gas market weighting is expected to shift to approximately 26% to Chicago, 15% to Alliance 5A, 50% to AECO 5A and 9% to Station 2.

- Stronger forward prices for natural gas have provided an opportunity to add hedges for 2021 and 2022 to secure attractive returns on our incremental gas production from our planned drilling and completion program. Crew's Q3/20 MD&A contains a complete list of all hedges in place as at September 30, 2020 along with contracts secured subsequent to quarter end.

OPERATIONS & AREA OVERVIEW

Sustainability and ESG Initiatives

- The Company reported zero recordable or lost time injuries and no reported incidents of COVID-19 through Q3/20 or the nine months ending September 30, 2020. In addition, no spills of significance were reported in either Q3/20 or year to date 2020, continuing Crew's strong track record of minimizing our impact on the environment.
- In keeping with our continued efforts to enhance the Company's long-term sustainability, Crew has planned the installation of a waste heat recovery system for our West Septimus gas plant.
  - This waste heat recovery system is expected to enable Crew to reduce greenhouse gas emissions by an estimated 7,700 tonnes per year, while expanding condensate stabilization capacity by 30%.
- Crew continues to successfully coordinate with three provincial regulatory bodies to fund and coordinate site abandonment, reclamation and restoration programs. The deployment and execution of this important abandonment and reclamation work is currently underway with a majority of Crew's work expected to be completed by H1/21.

NE BC Montney - Greater Septimus

- Through Q3/20, Crew's 3-32 UCR wells continued to meet expectations for proved plus probable type wells derived from Crew's independent reserves evaluation at year end 2019.
- The development of natural gas in Greater Septimus is supported by favorable geology, a low operating cost structure, reduced capital costs and an active hedging program.
  - Drilling operations continued on the first six of seven wells at the 9-5 pad at West Septimus.
  - The development area benefits from the low variable operating costs at West Septimus, which average approximately $1 per boe, as well as available capacity from recent area plant and pipeline expansions.

Greater Septimus

Production & Drilling	**Q3 2020**	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Average daily production (boe/d)	**17,119**	18,565	19,894	18,720	19,648
Wells drilled (gross / net)	6 / 6.0	0	0	0	0
Wells completed (gross / net)	0	0	0	4 / 4.0	1 / 1.0

Operating Netback ($ per boe)	**Q3 2020**	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Revenue	**15.73**	11.97	17.61	20.13	17.38
Royalties	**(0.42)**	(0.36)	(0.86)	(1.76)	(1.04)
Realized commodity hedge gain	**2.18**	3.06	1.44	0.90	1.78
Marketing income(1)	**(0.33)**	(0.31)	0.13	(0.02)	1.55
Net operating costs(2)	**(4.71)**	(4.81)	(4.52)	(3.99)	(4.41)
Transportation costs	**(3.86)**	(3.37)	(2.99)	(2.61)	(2.62)
Operating netback(3)	**8.59**	6.18	10.81	12.65	12.64

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. Operating netback equals petroleum and natural gas sales including realized hedging gains and losses on commodity contracts, marking income, less royalties, net operating costs and transportation costs calculated on a boe basis. Operating netback does not have a standardized measure prescribed by IFRS and therefore may not be comparable with the calculations of similar measures for other companies. See "Non-IFRS Measures" contained within Crew's MD&A.

Other NE BC Montney

- **Tower:** Production averaged 627 boe per day in this area during Q3/20, comprised of 159 bbls per day of oil, 18 bbls per day of condensate, 46 bbls per day of ngl and 2,419 mcf per day of natural gas. Crew continues to evaluate the potential in the Lower Montney where development has experienced considerable success.

- **Attachie:** This area represents an attractive mid-to longer term development opportunity with approximately 36 of our 76 net sections at Attachie situated within the liquids-rich hydrocarbon window. Given the positive results generated by offsetting operators, a lease retention well is planned to be drilled in 2021 which would conclude the lease preservation program in the area.

- **Oak / Flatrock:** In this liquids-rich gas area, Crew has more than 60 (52 net) sections of land. The Company plans to continue monitoring industry activity and offsetting well results for potential future development.

- **Groundbirch:** This area is ideally situated for future development with approximately 112 sections adjacent to acreage planned to be developed for a west coast LNG project, and existing pipeline infrastructure proximal to the Coastal GasLink pipeline inlet.

AB / SK Heavy Oil Lloydminster

- During Q3/20, Crew continued to take steps for the preservation of value and to minimize costs, including realizing benefits from certain infrastructure capital investments during the downturn which featured short-payouts and contributed to an improved heavy oil operating cost structure, further advancing our long-term sustainability.

- Production averaged 1,477 bbls per day of oil in Q3/20 reflecting the performance of two wells that were drilled in Q1/20 and completed in Q2/20, as well as the successful reactivation of shut-in wells.

OUTLOOK

- Despite an unprecedented global pandemic collapsing demand for oil and gas, and six years of low natural gas prices, Crew has been conditioned to doing more with less and has significantly improved operating, cost and capital efficiencies. We have continued to look forward and plan for the future, with several strategic initiatives designed to enhance our long-term financial and operational sustainability. We believe a proactive strategy will help "right size" the Company through optimizing processing and transportation capacity leading to margin expansion and improved debt metrics in an improved natural gas price environment.
- As our exposure to AECO 5A prices increases to over 45% in 2021, Crew has successfully protected a meaningful level of our estimated 2021 gas production from the new 9-5 pad at West Septimus, supporting our ability to generate attractive returns. With the continued strength of natural gas prices in 2021 and 2022, Crew is positioned to realize even greater returns on the capital invested.
- Drilling and completion of the seven wells on the 9-5 pad will continue through the fourth quarter of 2020 with production anticipated to begin before year-end 2020.
- Crew forecasts annual 2020 exploration and development expenditures of $85 to $90 million ($27 to $37 million net of dispositions), with Q4/20 capital spending projected to be $40 to $45 million as the Company continues to advance our plan to improve margins by increasing production to match processing and transportation capacity, with the drilling of five wells at the West Septimus 3-32 UCR pad. As a result of our strong underlying production base, we are pleased to be able to increase our forecasted Q4 2020 average production guidance to 20,000 to 21,000 boe per day from 19,500 to 20,500 boe per day, and refine our 2020 annual average production guidance to 21,000 to 22,000 boe per day from 20,000 to 22,000 boe per day.
- The Company's liquidity remains strong with 28% drawn on our $150 million credit facility at quarter-end. We have received an additional net $23 million net cash proceeds in Q4/20 associated with the previously disclosed strategic infrastructure transactions, and have the option to convert another working interest tranche for $37.5 million beginning in January 2021, which, if exercised, would be anticipated to be directed to further debt repayment. Importantly, with $300 million of senior notes termed out until 2024, Crew does not face any near-term maturities or repayment requirements which affords financial flexibility to weather market weaknesses.
- Crew plans on releasing the Company's 2021 capital expenditure budget and production guidance in December 2020.

Crew will continue to adhere to the highest safety standards in the field and ensure the physical and mental health of our employees, contractors and community is supported. From a value creation perspective, we are relentlessly seeking to identify opportunities to generate value for all stakeholders, over the short and longer term. We commend the tireless efforts of Crew's employees and directors whose commitment and dedication are critical to our ongoing success. We thank all of our shareholders and bondholders for your ongoing support and hope you and your families remain safe.

ADVISORIES

Information Regarding Disclosure on Operational Information and Non-IFRS Measures

All amounts in this report are stated in Canadian dollars unless otherwise specified. This report contains financial and performance metrics that are not defined in IFRS and do not have standardized meanings or standardized methods of calculation, such as "adjusted funds flow", "operating netbacks", "net capital expenditures", "working capital deficiency (surplus)" and "net debt". As such, these terms may not be comparable to similar measures presented by other companies, and therefore should not be used to make such comparisons. Such metrics have been included herein to provide readers with additional information to evaluate the Company's performance, however such metrics should not be unduly relied upon. Management uses oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare Crew's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this report, should not be relied upon for investment or other purposes.

With respect to the use of terms used in this report identified as Non-IFRS Measures, see Non-IFRS Measures contained in Crew's MD&A for applicable definitions, calculations, rationale for use and, where applicable, reconciliations to the most directly comparable measure under IFRS.

Forward-Looking Information and Statements

This report contains certain forward–looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" "forecast" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this report contains forward-looking information and statements pertaining to the following: the potential and uncertain impact of COVID-19 on the Company's operations and results; as to the execution of Crew's business plan including anticipated timing of completions and on-stream dates, Q4 spending plans and Q4 and annual 2020 production and operating cost guidance; capital spending plans and budget estimates; the estimated volumes and product mix of Crew's oil and gas production; commodity price expectations including Crew's estimates of natural gas pricing exposure; Crew's commodity risk management programs and future hedging opportunities; marketing and transportation plans; estimates of sales points weightings for 2020 and into 2021; future liquidity and financial capacity; future results from operations and operating metrics; potential for lower costs, strong capital efficiencies and enhanced returns going forward; anticipated reductions in transportation costs; estimated annual savings associated with planned operations and streamlining efforts; capital cost recovery targets; anticipated impact of our water disposal well at West Septimus including associated reductions in annual CO_2 emissions; plans for the installation of a waste heat recovery system at West Septimus and the potential impact thereof; the potential impact of government programs associated with COVID-19; world supply and demand projections and anticipated reductions in industry spending as a result, and long-term impact on pricing; future development, exploration, acquisition and disposition activities (including drilling and completion plans and associated timing and cost estimates); infrastructure investment plans and associated production capacity; the amount and timing of capital projects; and the anticipated timing of release of our 2021 capital expenditure budget and associated guidance.

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).

The internal projections, expectations or beliefs underlying the Company's 2020 capital budget and corporate outlook for 2020 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 2020 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 2020 and beyond. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted and Crew's 2020 guidance and outlook may not be appropriate for other purposes.

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.

Supplemental Information Regarding Product Types

This report includes references to average daily production volumes by quarter at Greater Septimus. The following is intended to provide the product type composition for each of the production figures provided herein, where not already disclosed within tables above:

	Greater Septimus Production Volume Breakdown			
	Natural gas	Condensate	Natural gas	Total (boe/d)
Q3/20	*11%*	*13%*	*76%*	17,119
Q2/20	*11%*	*14%*	*75%*	18,565
Q1/20	*11%*	*17%*	*72%*	19,894
Q4/19	*10%*	*13%*	*77%*	18,720
Q3/19	*11%*	*13%*	*76%*	19,648

Notes:

(1) Throughout this report, natural gas liquids ("ngl") comprise all natural gas liquids as defined by NI 51-101 other than condensate, which is disclosed separately.

Test Results and Initial Production Rates

A pressure transient analysis or well-test interpretation has not been carried out and thus certain of the test results provided herein should be considered to be preliminary until such analysis or interpretation has been completed. Test results and initial production rates disclosed herein, particularly those short in duration, may not necessarily be indicative of long term performance or of ultimate recovery.

BOE, MMCFE and TCFE 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.

TCFe of gas is defined as Trillion Cubic Feet Equivalent, and MMCFe of gas is defined as Million Cubic Feet Equivalent. Both terms have been applied using the oil equivalent conversion ratio of six thousand cubic feet of natural gas (6 mcf) to one barrel of oil (1 bbl). TCFe and MMCFe amounts may be misleading, particularly if used in isolation.

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'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 growth-oriented oil and 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, and include a large contiguous land base. Crew's liquids-rich Septimus and West Septimus areas ("Greater Septimus") along with 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's common shares are listed for trading on the Toronto Stock Exchange ("TSX") under the symbol "CR".

ADVISORIES

Management's discussion and analysis ("MD&A") is the explanation of the financial performance for the period covered by the unaudited condensed interim consolidated financial statements (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 financial statements of the Company for the three and nine month periods ended September 30, 2020 and 2019. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Other than as outlined in note 3 of the financial statements for the three and nine month periods ended September 30, 2020 and 2019, there have been no significant changes to the critical estimates disclosed in the Company's audited financial statements for the year ended December 31, 2019. All figures provided herein and in the September 30, 2020 financial statements are reported in Canadian dollars ("CDN"). This MD&A is dated November 6, 2020.

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

In March 2020, the World Health Organization declared a global pandemic following the emergence and rapid spread of a novel strain of the coronavirus. The outbreak and subsequent measures intended to limit the pandemic contributed to significant volatility in global financial markets. The pandemic has adversely impacted global commercial activity and has significantly reduced worldwide demand for commodities including crude oil, natural gas and natural gas liquids ("ngl"). The result has been significant volatility and a decline in the near and medium term price for these commodities. In general, the oil and gas industry has reacted with reductions to capital and other spending, as well as production shut-ins, to try to manage through this price environment. The duration of the current commodity price volatility is uncertain.

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 severity of the virus. These uncertainties may persist beyond when it is determined how to contain the virus or treat its impact. The outbreak 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.

Crew remains well positioned from a liquidity perspective with low draws on its $150 million credit facility and has a contractual maturity in 2022 if not extended. Subsequent to September 30, 2020, the Company successfully completed the second phase of the previously announced sale of a 22% interest in its Septimus gas processing facility and West Septimus gas processing facility ("Greater Septimus Processing Complex"), including the associated buyback of an approximate 16% interest in the complex, for a net receipt to the Company of $58 million during 2020. In addition, with $300 million of senior unsecured notes that are termed out until 2024, Crew does not face any near-term maturities or repayment requirements, which affords the financial flexibility to weather continued market weakness.

Crew is dedicated to ensuring the health, safety and security of employees, contractors, partners and residents within all of its operating areas and communities. In response to the COVID-19 pandemic, the Company mobilized quickly to implement response plans and procedures that would protect the health and well-being of all stakeholders. Crew established work from home protocols in mid-March, including training programs specifically designed to ensure home working environments are effective, and rolledout new technologies and programs to facilitate remote working across the organization. With the aid of new safety protocols, effective June 1, 2020, office employees returned to work in Crew's head office. The Company also implemented social distancing protocols throughout its field operations that help to protect field staff and contractors, while new workforce efficiencies have been implemented to streamline costs. As a result of the actions taken and the diligence of the Company's staff in following prescribed social distancing measures, the Company is pleased to report that it has not had any lost time as a result of COVID-19.

Crew believes the measures it has taken will provide it with the financial capability to maintain its base business, deliver safe and reliable operations and continue to challenge its cost structure. The Company is confident that commodity prices will eventually improve; however, the timing of that improvement is uncertain, and continued volatility is expected.

Forward Looking Statements

This MD&A contains forward looking statements. Management's assessment of the potential and uncertain impact of COVID-19 on the Company's operations and results, future plans and operations, including fourth quarter and annualized 2020 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 reductions in 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, estimates regarding undeveloped land position and estimated future drilling, recompletion or reactivation locations, the potential for further property 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 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; 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 2020 capital budget, production guidance and corporate outlook for 2020 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 2020 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 2020 and beyond. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted and Crew's 2020 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.

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 natural gas liquids 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 Company uses certain measures to analyze operational and financial 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.

Funds from Operations and Adjusted Funds Flow

One of the benchmarks Crew uses to evaluate its performance is funds from operations and adjusted funds flow. Funds from operations and adjusted funds flow are measures not defined in IFRS but are commonly used in the oil and gas industry. 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. Funds from operations and adjusted funds flow 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 and adjusted funds flow 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 and adjusted funds flow:

($ thousands)	**Three months ended Sept. 30, 2020**	Three months ended Sept. 30, 2019	**Nine months ended Sept. 30, 2020**	Nine months ended Sept. 30, 2019
Cash provided by operating activities	**5,121**	8,877	**23,215**	60,289
Change in operating non-cash working capital	**2,902**	7,272	**2,151**	2,018
Accretion of deferred financing costs	**(245)**	(246)	**(737)**	(737)
Funds from operations	**7,778**	15,903	**24,629**	61,570
Decommissioning obligations settled excluding grants	**771**	761	**953**	3,378
Adjusted funds flow	**8,549**	16,664	**25,582**	64,948

Operating Netback

Management uses certain industry benchmarks such as operating netback to analyze financial and operating performance. This benchmark as presented does not have any standardized meaning prescribed by IFRS, and therefore may not be comparable with the calculation of similar measures for other entities. 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.

Working Capital and Net Debt

The Company closely monitors its capital structure with a goal of maintaining a strong financial position in order to fund current operations and the future growth of the Company. Crew monitors working capital and net debt as part of its capital structure. Working capital and net debt do not have a standardized meaning prescribed by IFRS and, therefore, may not be comparable with the calculation of similar measures for other entities.

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

($ thousands)	**September 30, 2020**	December 31, 2019
Current assets	**15,246**	50,019
Current liabilities	**(33,930)**	(46,690)
Derivative financial instruments	**3,686**	(3,180)
Working capital (deficiency) surplus	**(14,998)**	149

($ thousands)	**September 30, 2020**	December 31, 2019
Bank loan	**(42,137)**	(52,136)
Senior unsecured notes	**(296,605)**	(295,868)
Working capital (deficiency) surplus	**(14,998)**	149
Net debt	**(353,740)**	(347,855)

RESULTS OF OPERATIONS

Production

	Three months ended September 30, 2020					Three months ended September 30, 2019				
	Oil (bbl/d)	**Condensate (bbl/d)**	**Ngl (bbl/d)**	**Nat. gas (mcf/d)**	**Total (boe/d)**	Oil (bbl/d)	Condensate (bbl/d)	Ngl (bbl/d)	Nat. gas (mcf/d)	Total (boe/d)
NE BC	**159**	**2,247**	**1,894**	**86,578**	**18,730**	233	2,575	2,148	97,372	21,185
Lloydminster	**1,464**	**-**	**-**	**80**	**1,477**	1,627	-	-	71	1,639
Total	**1,623**	**2,247**	**1,894**	**86,658**	**20,207**	1,860	2,575	2,148	97,443	22,824

During the third quarter of 2020, production decreased 11% over the same period in 2019 largely as a result of a 41% reduction in exploration and development spending over the past year as compared the previous year ending September 30, 2019. In addition, the Company had production shut-in during the quarter due to a five day facility turn-around at the Company operated Septimus gas processing facility, coupled with a scheduled maintenance shut-down of the third party operated McMahon facility for most of September.

	Nine months ended September 30, 2020					Nine months ended September 30, 2019				
	Oil (bbl/d)	**Condensate (bbl/d)**	**Ngl (bbl/d)**	**Nat. gas (mcf/d)**	**Total (boe/d)**	Oil (bbl/d)	Condensate (bbl/d)	Ngl (bbl/d)	Nat. gas (mcf/d)	Total (boe/d)
NE BC	**188**	**2,739**	**2,109**	**93,715**	**20,655**	205	2,773	2,071	97,556	21,308
Lloydminster	**1,389**	**-**	**-**	**48**	**1,397**	1,653	-	-	52	1,662
Total	**1,577**	**2,739**	**2,109**	**93,763**	**22,052**	1,858	2,773	2,071	97,608	22,970

For the first nine months of 2020, production decreased 4% as compared to the same period in 2019 as a result of the aforementioned declines in exploration and development spending. In addition, production in northeast British Columbia declined from the same period in 2019 due primarily to the shutting-in of production during the second quarter of 2020 in order to preserve value during a period of COVID-19 related depressed commodity prices and the aforementioned facility turn-around and maintenance projects in the third quarter of 2020.

Petroleum and Natural Gas Sales

	Three months ended Sept. 30, 2020	Three months ended Sept. 30, 2019	**Nine months ended Sept. 30, 2020**	Nine months ended Sept. 30, 2019
Petroleum and natural gas sales ($ thousands)				
Light crude oil	**642**	1,368	**1,938**	3,544
Heavy crude oil	**5,092**	7,911	**9,813**	23,719
Natural gas liquids	**1,931**	112	**4,456**	3,484
Condensate	**8,998**	14,734	**31,341**	48,999
Natural gas	**15,681**	17,472	**47,779**	68,845
Total	**32,344**	41,597	**95,327**	148,591
Crew average prices				
Light crude oil ($/bbl)	**43.93**	63.81	**37.56**	63.39
Heavy crude oil ($/bbl)	**37.82**	52.86	**25.79**	52.58
Natural gas liquids ($/bbl)	**11.08**	0.57	**7.71**	6.16
Condensate ($/bbl)	**43.53**	62.19	**41.77**	64.73
Natural gas ($/mcf)	**1.97**	1.95	**1.86**	2.58
Oil equivalent ($/boe)	**17.40**	19.81	**15.78**	23.70
Benchmark pricing				
Light crude oil – Cdn$ WTI (Cdn $/bbl)	**54.50**	74.55	**51.52**	75.85
Heavy crude oil – WCS (Cdn $/bbl)	**42.50**	58.45	**33.00**	60.33
Condensate – Condensate @ Edmonton (Cdn $/bbl)	**50.08**	68.49	**47.47**	70.36
Natural Gas:				
AECO 5A daily index (Cdn $/mcf)	**2.24**	0.91	**2.09**	1.52
AECO 7A monthly index (Cdn $/mcf)	**2.15**	1.04	**2.07**	1.39
Alliance 5A (Cdn $/mcf)	**2.18**	0.99	**2.07**	1.67
Chicago City Gate at ATP (Cdn $/mcf)	**1.72**	2.02	**1.61**	2.58
Henry Hub Close (Cdn $/mcf)	**2.63**	2.94	**2.54**	3.55

In the third quarter of 2020, the Company's petroleum and natural gas sales decreased 22% as compared to the same period in 2019, as result of a 12% decrease in the Company's realized wellhead pricing and the aforementioned 11% decrease in production.

The Company's realized light crude oil price decreased 31%, which is consistent with the 27% decrease in the Company's Cdn$ West Texas Intermediate ("WTI") benchmark price from the same period last year. Crew's third quarter heavy crude oil price decreased 28%, which approximated the 27% decrease in the Company's Western Canadian Select ("WCS") benchmark.

Crew's ngl realized price increased significantly in the third quarter as compared to the same period in 2019, due to an increase in component pricing, predominantly due to increases in realized propane and butane pricing across North America. The Company's third quarter realized condensate price decreased 30% over the same period in 2019, greater than the 27% decrease in the Condensate at Edmonton benchmark price, as a result of fixed transportation costs which further dilute the realized condensate price in a decreasing price environment.

Crew's realized natural gas price increased 1% in the third quarter of 2020 as compared to the 8% increase in the Company's natural gas sales portfolio weighted benchmark price. The smaller corporate increase was the result of an October 2020 expiring natural gas sales contract that is priced at a Chicago City Gate price less a fixed differential that is greater than the ATP to Chicago transportation cost. This contract further reduces the Company's overall realized natural gas price as the benchmark Chicago City Gate price decreases.

The Company's third quarter 2020 natural gas sales portfolio was based approximately on the following reference prices:

	Q3 2020	Q3 2019
AECO 5A	**1%**	6%
Alliance 5A	**22%**	20%
Chicago City Gate at ATP	**54%**	56%
Henry Hub	**18%**	16%
Station 2	**5%**	2%
Total	**100%**	100%

The Company's revenue for the first nine months of 2020 decreased 36% over same period in 2019 as a result of a 33% decrease in realized wellhead pricing and the 4% decrease in production. The Company's realized light crude oil price decreased 41%, as compared to the 32% decrease in the Company's WTI benchmark, as a result of fixed transportation costs which further dilutes Crew's realized light crude oil price in a decreasing price environment. Crew's heavy crude oil price for the first nine months of 2020 decreased 51%, as compared to the 45% decrease in the Company's WCS benchmark, as a result of an increase in the relative cost of diluent required to blend with the heavy crude oil as compared to the same period last year.

In the first nine months of 2020, the Company's ngl realized price increased 25% over the same period in 2019 due to increases in component pricing at the Company's primary Conway pricing point. The Company's realized condensate price decreased 35%, which was consistent with the 33% decrease in the Condensate at Edmonton benchmark price for the same period last year.

The Company's natural gas price decreased 28% over the first nine months of 2019 as compared to the 22% decrease in Company's natural gas sales portfolio weighted benchmark price. The larger corporate decrease was the result of an October 2020 expiring natural gas sales contract that is priced at a Chicago City Gate price less a fixed differential that is greater than the ATP to Chicago transportation cost. This contract further reduces the overall realized natural gas price as the benchmark Chicago City Gate price decreases.

Royalties

($ thousands, except per boe)	**Three months ended Sept. 30, 2020**	Three months ended Sept. 30, 2019	**Nine months ended Sept. 30, 2020**	Nine months ended Sept. 30, 2019
Royalties	**1,418**	3,126	**4,500**	10,682
Per boe	**0.76**	1.49	**0.74**	1.70
Percentage of petroleum and natural gas sales	**4.4%**	7.5%	**4.7%**	7.2%

For the third quarter and first nine months of 2020, royalties and royalties per boe decreased over the same periods in 2019, due to decreases in realized wellhead pricing as royalty rates fluctuate on a sliding scale with increases and decreases in the underlying commodity price. The Company continues to forecast 2020 royalties as a percentage of petroleum and natural gas sales to average between 4% and 6%.

Derivative Financial Instruments

Commodities

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

These contracts had the following impact on the condensed interim consolidated statements of (loss) income and comprehensive (loss) income:

($ thousands)	**Three months ended Sept. 30, 2020**	Three months ended Sept. 30, 2019	**Nine months ended Sept. 30, 2020**	Nine months ended Sept. 30, 2019
Realized gain (loss) on derivative financial instruments	**3,540**	2,893	**14,052**	731
Per boe	**1.90**	1.38	**2.33**	0.12
Unrealized (loss) gain on financial instruments	**(12,013)**	579	**(7,146)**	(1,123)

At September 30, 2020, the Company held derivative commodity contracts as follows:

Subject of Contract	Notional Quantity	Term	Reference	Strike Price	Option Traded	Fair Value
Gas	10,000 mmbtu/day	October 1, 2020 – December 31, 2020	CDN$ Chicago Citygate Monthly	$3.34/mmbtu	Swap	$ 15
Gas	2,500 mmbtu/day	October 1, 2020 – December 31, 2020	CDN$ Chicago Citygate Daily	$3.23/mmbtu	Swap	23
Gas	2,500 mmbtu/day	October 1, 2020 – December 31, 2020	US$ Nymex Henry Hub	$2.48/mmbtu	Swap	(70)
Gas	10,000 gj/day	November 1, 2020 – December 31, 2020	AECO C Daily Index	$3.02/gj	Swap	165
Gas	2,500 mmbtu/day	November 1, 2020 – October 31, 2021	CDN$ Chicago Citygate Monthly	$3.17/mmbtu	Swap	(530)
Gas	10,000 mmbtu/day	November 1, 2020 – October 31, 2021	CDN$ Chicago Citygate Daily	$3.27/mmbtu	Swap	(1,744)
Gas	5,000 mmbtu/day	January 1, 2021 – October 31, 2021	CDN$ Chicago Citygate Monthly	$3.64/mmbtu	Swap	(181)
Gas	7,500 mmbtu/day	January 1, 2021 – October 31, 2021	CDN$ Chicago Citygate Daily	$3.74/mmbtu	Swap	(47)
Gas	20,000 gj/day	January 1, 2021 – March 31, 2021	AECO C Daily Index	$2.52/gj	Swap	(926)
Gas	15,000 gj/day	January 1, 2021 – March 31, 2021	AECO C Monthly Index	$2.53/gj	Swap	(664)
Gas	5,000 gj/day	January 1, 2021 – December 31, 2021	AECO C Daily Index	$2.66/gj	Swap	(121)
Gas	2,500 gj/day	January 1, 2021 – December 31, 2021	AECO C Monthly Index	$2.50 - $3.00/gj	Collar[(1)]	-
Gas	11,500 gj/day	April 1, 2021 – June 30, 2021	AECO C Monthly Index	$2.12/gj	Swap	(411)
Gas	14,000 gj/day	April 1, 2021 – June 30, 2021	AECO C Daily Index	$2.12/gj	Swap	(511)
Gas	2,500 gj/day	April 1, 2021 – October 31, 2021	AECO C Daily Index	$2.35/gj	Swap	(103)
Gas	2,500 gj/day	April 1, 2021 – October 31, 2021	AECO C Monthly Index	$2.05/gj	Swap	(267)
Gas	11,500 gj/day	July 1, 2021 – September 30, 2021	AECO C Daily Index	$2.18/gj	Swap	(398)
Gas	10,000 gj/day	July 1, 2021 – September 30, 2021	AECO C Monthly Index	$2.19/gj	Swap	(332)
Gas	10,000 gj/day	October 1, 2021 – December 31, 2021	AECO C Daily Index	$2.40/gj	Swap	(378)
Gas	9,000 gj/day	October 1, 2021 – December 31, 2021	AECO C Monthly Index	$2.40/gj	Swap	(338)
Gas	5,000 gj/day	November 1, 2021 – December 31, 2021	AECO C Daily Index	$2.85/gj	Swap	(10)
Gas	5,000 gj/day	November 1, 2021 – March 31, 2022	AECO C Daily Index	$2.93/gj	Swap	(14)

Gas	2,500 gj/day	January 1, 2022 – March 31, 2022	AECO C Monthly Index	$2.75 - $3.20/gj	Collar(2)	(11)
Gas	7,500 gj/day	January 1, 2022 – December 31, 2022	AECO C Daily Index	$2.44/gj	Swap	(79)
Oil	1,250 bbl/day	October 1, 2020 – December 31, 2020	CDN$ WTI	$77.32/bbl	Swap	3,064
Oil	500 bbl/day	October 1, 2020 – December 31, 2020	USD$ WCS – WTI Differential	($14.43)/bbl	Swap	(224)
Oil	250 bbl/day	October 1, 2020 – December 31, 2020	CDN$ WCS	$51.50/bbl	Swap	271
Condensate	500 bbl/day	January 1, 2021 – June 30, 2021	CDN$ Edmonton C5 Blended Index	$53.63/bbl	Swap	(145)
Total						**$ (3,966)**

(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 $3.00/gj when the market price is above $3.00/gj.
(2) 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 September 30, 2020, the Company entered into the following commodity contracts:

Subject of Contract	Notional Quantity	Term	Reference	Strike Price	Option Traded
Gas	7,500 gj/day	November 1, 2021 – December 31, 2021	AECO C Daily Index	$2.84/gj	Swap
Gas	5,000 gj/day	November 1, 2021 – March 31, 2022	AECO C Monthly Index	$2.65 - $2.95/gj	Collar[1]
Gas	5,000 gj/day	November 1, 2021 – March 31, 2022	AECO C Monthly Index	$2.84/gj	Swap
Gas	20,000 gj/day	January 1, 2022 – March 31, 2022	AECO C Daily Index	$3.05/gj	Swap
Gas	10,000 gj/day	January 1, 2022 – March 31, 2022	AECO C Monthly Index	$3.09/gj	Swap
Gas	7,500 gj/day	January 1, 2022 – December 31, 2022	AECO C Daily Index	$2.40/gj	Swap
Gas	7,500 gj/day	January 1, 2022 – December 31, 2022	AECO C Monthly Index	$2.36/gj	Swap
Gas	20,000 gj/day	April 1, 2022 – June 30, 2022	AECO C Daily Index	$2.17/gj	Swap
Gas	10,000 gj/day	April 1, 2022 – June 30, 2022	AECO C Monthly Index	$2.20/gj	Swap
Gas	5,000 gj/day	April 1, 2022 – October 31, 2022	AECO C Daily Index	$2.19/gj	Swap
Gas	20,000 gj/day	July 1, 2022 – September 30, 2022	AECO C Daily Index	$2.20/gj	Swap
Gas	10,000 gj/day	July 1, 2022 – September 30, 2022	AECO C Monthly Index	$2.22/gj	Swap
Gas	20,000 gj/day	October 1, 2022 – December 31, 2022	AECO C Daily Index	$2.44/gj	Swap
Gas	10,000 gj/day	October 1, 2022 – December 31, 2022	AECO C Monthly Index	$2.48/gj	Swap

(1) 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.

Marketing (Loss) Income

($ thousands, except per boe)	**Three months ended Sept. 30, 2020**	Three months ended Sept. 30, 2019	**Nine months ended Sept. 30, 2020**	Nine months ended Sept. 30, 2019
Marketing revenue	**(524)**	2,797	**(815)**	8,690
Marketing expense	**-**	-	**-**	(414)
Marketing (loss) income	**(524)**	2,797	**(815)**	8,276
Per boe	**(0.28)**	1.33	**(0.13)**	1.32

In the third quarter and first nine months of 2020, the Company recognized $0.5 million and $0.8 million, respectively, of marketing losses related to the monetization of the Company's exposure to the Malin natural gas market. In the same periods in 2019, the Company had realized gains on the monetization of its exposure to the Malin and Dawn markets as they were priced significantly stronger relative to Canadian markets than in 2020.

Net Operating Costs

($ thousands, except per boe)	**Three months ended Sept. 30, 2020**	Three months ended Sept. 30, 2019	**Nine months ended Sept. 30, 2020**	Nine months ended Sept. 30, 2019
Operating costs	**11,259**	13,232	**36,378**	40,472
Processing revenue	**(597)**	(756)	**(1,840)**	(2,450)
Net operating costs	**10,662**	12,476	**34,538**	38,022
Per boe	**5.74**	5.94	**5.72**	6.06

During the third quarter and first nine months of 2020, net operating costs and net operating costs per boe decreased as compared to the same periods in 2019 as a result of efforts by the Company to optimize field operations, resulting in reduced costs across all operating areas and the receipt of an annual clean energy incentive payment. This was coupled with reduced production in Lloydminster, where net operating costs are higher than the corporate average. As a result of the efforts to reduce operating costs, receipt of the clean energy incentive and production running ahead of forecast, the Company is reducing its forecast for net operating costs per unit to average $5.75 to $6.00 per boe down from the prior estimate of $6.00 to $6.50 per boe.

Transportation Costs

($ thousands, except per boe)	**Three months ended Sept. 30, 2020**	Three months ended Sept. 30, 2019	**Nine months ended Sept. 30, 2020**	Nine months ended Sept. 30, 2019
Transportation costs	**7,230**	5,876	**21,069**	16,861
Per boe	**3.89**	2.80	**3.49**	2.69

During the third quarter of 2020, transportation costs and transportation costs per boe increased as compared to the same period in 2019, as a result of the Company adding incremental firm TC Energy ("TC") receipt service in the fourth quarter of 2019. For the first nine months of 2020, transportation costs and costs per boe increased compared to the same period in 2019 as the Company added take-or-pay costs associated with the Company's partially owned sales pipeline from West Septimus to the TC Saturn meter station and firm TC receipt service in the second quarter of 2019, increasing the Company's exposure to diversified natural gas markets. The Company continues to forecast 2020 transportation costs to average between $3.50 and $4.00 per boe.

Operating Netbacks[1]

($/boe)	**Greater Septimus**	**Lloydminster Heavy Oil**	**Other NE BC**	**Three months ended Sept. 30, 2020**	Three months ended Sept. 30, 2019
Petroleum and natural gas sales	**15.73**	**37.51**	**16.72**	**17.40**	19.81
Royalties	**(0.42)**	**(4.86)**	**(0.60)**	**(0.76)**	(1.49)
Realized commodity hedging gain (loss)	**2.18**	**(1.50)**	**2.04**	**1.90**	1.38
Marketing income	**(0.33)**	**-**	**-**	**(0.28)**	1.33
Net operating costs	**(4.71)**	**(17.11)**	**(6.17)**	**(5.74)**	(5.94)
Transportation costs	**(3.86)**	**(0.22)**	**(7.55)**	**(3.89)**	(2.80)
Operating netbacks	**8.59**	**13.82**	**4.44**	**8.63**	12.29
Production (boe/d)	**17,119**	**1,477**	**1,611**	**20,207**	22,824

($/boe)	Greater Septimus	Lloydminster Heavy Oil	Other NE BC	Nine months ended Sept. 30, 2020	Nine months ended Sept. 30, 2019
Petroleum and natural gas sales	**15.15**	**25.70**	**14.73**	**15.78**	23.70
Royalties	**(0.56)**	**(3.48)**	**(0.55)**	**(0.74)**	(1.70)
Realized commodity hedging gain	**2.21**	**4.59**	**1.81**	**2.33**	0.12
Marketing income	**(0.16)**	**-**	**-**	**(0.13)**	1.32
Net operating costs	**(4.68)**	**(18.88)**	**(6.11)**	**(5.72)**	(6.06)
Transportation costs	**(3.39)**	**(0.44)**	**(6.35)**	**(3.49)**	(2.69)
Operating netbacks	**8.57**	**7.49**	**3.53**	**8.03**	14.69
Production (boe/d)	**18,521**	**1,397**	**2,134**	**22,052**	22,970

Note:
(1) Non-IFRS measure. See "Non-IFRS Measures" contained within this MD&A.

For the third quarter of 2020, the Company's operating netback decreased 30% over the same period in 2019, as a result of decreases in wellhead pricing and marketing income, as well as increased transportation costs, partially offset by reductions in royalties and net operating costs and increases in hedging gains. For the first nine months of 2020, the Company's operating netback declined 45% as compared to 2019 as a result of lower realized wellhead pricing, lower marketing income, and higher transportation costs, which were partially offset by increases in realized hedging gains and reductions in royalties and net operating costs.

General and Administrative Cost

($ thousands, except per boe)	Three months ended Sept. 30, 2020	Three months ended Sept. 30, 2019	Nine months ended Sept. 30, 2020	Nine months ended Sept. 30, 2019
Gross costs	**2,552**	4,396	**8,662**	13,526
Operator's recoveries	**(284)**	(16)	**(316)**	(53)
Capitalized costs	**(805)**	(1,526)	**(2,855)**	(4,575)
General and administrative expenses	**1,463**	2,854	**5,491**	8,898
Per boe	**0.79**	1.36	**0.91**	1.42

Gross, net and per unit general and administrative ("G&A") costs decreased in the third quarter and first nine months of 2020 as compared to the same periods in 2019 due to a targeted reduction in compensation for the Company's Board of Directors, executive and staff, combined with the receipt of the government provided COVID-19 related Canada Emergency Wage Subsidy ("CEWS"). Additional savings have been realized through a reduction in size of the Company's head office, resulting in lower operating costs and property taxes, and a focused effort on reducing other overhead costs across the Company. The Company continues to forecast 2020 G&A costs per boe to average between $0.95 and $1.20, with costs increasing in the fourth quarter as CEWS receipts are forecasted to decline.

Other Revenue

($ thousands, except per boe)	Three months ended Sept. 30, 2020	Three months ended Sept. 30, 2019	Nine months ended Sept. 30, 2020	Nine months ended Sept. 30, 2019
Decommissioning obligations grant	**221**	-	**221**	-
Per boe	**0.12**	-	**0.04**	-

In the third quarter and first nine months of 2020, the Company recognized $0.2 million of other revenue related to government grants provided for well site rehabilitation.

Share-Based Compensation

($ thousands)	**Three months ended Sept. 30, 2020**	Three months ended Sept. 30, 2019	**Nine months ended Sept. 30, 2020**	Nine months ended Sept. 30, 2019
Gross costs	**1,006**	2,189	**3,925**	8,050
Capitalized costs	**(487)**	(1,042)	**(1,928)**	(3,839)
Total share-based compensation	**519**	1,147	**1,997**	4,211

In the third quarter and first nine months of 2020, the Company's total share-based compensation expense decreased as compared to the same periods in 2019, as a decline in the Company's share price has led to a decrease in the value of share-based compensation granted.

Depletion and Depreciation

($ thousands, except per boe)	**Three months ended Sept. 30, 2020**	Three months ended Sept. 30, 2019	**Nine months ended Sept. 30, 2020**	Nine months ended Sept. 30, 2019
Depletion and depreciation	**16,785**	19,308	**54,982**	57,420
Per boe	**9.03**	9.20	**9.10**	9.16

In the third quarter and first nine months of 2020, depletion and depreciation costs per boe decreased as compared to the same periods in 2019 due to increased reserve bookings in the Greater Septimus area, where depletion rates are lower than the corporate average, coupled with a reduction in the capital cost base from impairment charges recorded in the first quarter of 2020, partially offset by higher land expiries as compared to the same periods in 2019.

Impairment

There were no indicators of impairment for the Company's cash-generating units ("CGU") as at September 30, 2020, and therefore an impairment test was not performed.

At March 31, 2020, the Company determined that indicators of impairment existed as a result of; the COVID-19 outbreak and its impact on global commodity demand due to the measures taken to limit the spread of the pandemic, the rapid fall in crude oil prices due to increased supply brought on by a price war between OPEC and non-OPEC members, and the impact that these events had on the Company's equity and debt values. As a result, the Company tested its northeast British Columbia CGU and Lloydminster CGU for impairment. It was determined that the carrying value of the northeast British Columbia CGU and Lloydminster CGU exceeded their recoverable amounts and impairment charges of $237.5 million and $29.8 million, respectively, were recorded for the CGUs.

Finance Expenses

($ thousands, except per boe)	**Three months ended Sept. 30, 2020**	Three months ended Sept. 30, 2019	**Nine months ended Sept. 30, 2020**	Nine months ended Sept. 30, 2019
Interest on bank loan and other	**878**	1,123	**2,062**	2,858
Interest on senior notes	**4,915**	4,915	**14,585**	14,585
Accretion of deferred financing charges	**245**	246	**737**	737
Accretion of the decommissioning obligation	**225**	466	**991**	1,439
Total finance expense	**6,263**	6,750	**18,375**	19,619
Average long-term debt level	**333,354**	352,128	**336,911**	351,022
Average drawings on bank loan	**33,354**	52,128	**36,911**	51,022
Average senior unsecured notes outstanding	**300,000**	300,000	**300,000**	300,000
Effective interest rate on senior unsecured notes	**6.5%**	6.5%	**6.5%**	6.5%
Effective interest rate on long-term debt	**6.2%**	6.1%	**6.2%**	6.1%
Financing costs on long-term debt per boe	**3.25**	2.99	**2.88**	2.90

The Company's total finance expense and average corporate debt levels decreased in the third quarter and first nine months of 2020 as compared to the same periods in 2019, as a result of the Company applying proceeds received from non-core asset and infrastructure dispositions against drawings on its bank loan. Crew continues to forecast the effective interest rate on its long-term debt to average between 6.0% and 6.5% in 2020.

Gain on Divestiture of Property

During the first quarter of 2020, the Company disposed of an 11% net working interest in each of its Septimus gas processing facility and West Septimus gas processing facility located in northeast British Columbia for net proceeds of $34.8 million after transaction costs. These facilities were classified as held for sale as at December 31, 2019, with a net book value of $19.8 million and associated decommissioning obligations of $0.7 million, resulting in a gain of $15.7 million.

Deferred Income Taxes

In the third quarter and first nine months of 2020, the provision for deferred income taxes was nil and a deferred tax recovery of $53.6 million, respectively, as compared to a deferred tax recovery of $0.4 million and expense of $2.3 million, respectively, for the same periods in 2019. The deferred tax recovery in the first nine months of 2020 was predominantly due to the impairment charge recorded in the first quarter of 2020, resulting in a net loss realized in 2020 as compared to net income in the same period in 2019. The Company did not recognize a deferred income tax asset due to the uncertainty of future commodity prices and cash flows.

Cash, Funds from Operations and Net (Loss) Income

($ thousands, except per share amounts)	**Three months ended Sept. 30, 2020**	Three months ended Sept. 30, 2019	**Nine months ended Sept. 30, 2020**	Nine months ended Sept. 30, 2019
Cash provided by operating activities	**5,121**	8,877	**23,215**	60,289
Adjusted funds flow (1)	**8,549**	16,664	**25,582**	64,948
Per share - basic	**0.06**	0.11	**0.17**	0.43
- diluted	**0.06**	0.11	**0.17**	0.43
Net (loss) income	**(21,136)**	(3,255)	**(237,848)**	18,306
Per share - basic	**(0.14)**	(0.02)	**(1.56)**	0.12
- diluted	**(0.14)**	(0.02)	**(1.56)**	0.12

Note:

(1) Non-IFRS measure. Adjusted funds flow is calculated as cash provided by operating activities, adding the change in operating non-cash working capital, decommissioning obligations settled and accretion of deferred financing costs on the senior unsecured notes. Adjusted funds flow is used to analyze the Company's operating performance and leverage. Adjusted funds flow does not have a standardized measure prescribed by International Financial Reporting Standards, and therefore, may not be comparable with the calculations of similar measures for other companies. See "Non-IFRS Measures" contained within this MD&A.

Cash provided by operating activities and adjusted funds flow decreased in both the third quarter and first nine months of 2020, predominantly due to lower petroleum and natural gas sales as compared to the same periods in 2019. This resulted in a net loss during these periods as compared to net income in the same periods in 2019. In addition, for the first nine months of 2020, the Company's net loss was amplified by a $201 million after-tax impairment charge in the first quarter of 2020.

Capital Expenditures, Property Acquisitions and Dispositions

($ thousands)	**Three months ended Sept. 30, 2020**	Three months ended Sept. 30, 2019	**Nine months ended Sept. 30, 2020**	Nine months ended Sept. 30, 2019
Land	**799**	856	**2,241**	2,421
Seismic	**260**	275	**797**	929
Drilling and completions	**13,404**	12,397	**26,852**	69,202
Facilities, equipment and pipelines	**6,608**	3,383	**12,449**	10,093
Other	**805**	1,555	**2,914**	5,059
Total exploration and development	**21,876**	18,466	**45,253**	87,704
Net property (dispositions) acquisitions	**(35)**	7	**(34,931)**	(19,166)
Total	**21,841**	18,473	**10,322**	68,538

In the third quarter of 2020, the Company spent a total of $21.9 million on exploration and development expenditures. During the quarter, $13.4 million was spent on drilling and completion activities, including the drilling of six (6.0 net) natural gas wells in the Greater Septimus area. The Company spent $6.6 million on well sites, facilities and pipelines and $1.9 million on land, seismic and other miscellaneous items.

LIQUIDITY AND CAPITAL RESOURCES

Risks and Uncertainties

The emergence of COVID-19 has resulted in emergency actions by governments worldwide, which has had an effect in all of the Company's operating areas. The actions taken by these governments have typically included, but is not limited to travel bans, mandatory and self-imposed quarantines and isolations, social distancing, and the closing of non-essential businesses which has had significant negative effects on economies, including a substantial decline in crude oil and natural gas demand.

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. The following risks disclosed in the Company's Annual Information Form for the year ended December 31, 2019 may, without limitation, be exacerbated as a result of the COVID-19 pandemic: declines in oil, NGL and natural gas prices; variations in interest rates and foreign exchange rates; stock market volatility; uncertainties relating to market valuations; refinancing risk for existing debt and debt service costs; access to external sources of capital; risks associated with the Company's hedging activities; third party credit risk; government regulation and control and changes in governmental legislation; changes in income tax laws, royalty rates and other incentive programs; risks associated with acquiring, developing and exploring for oil, NGL and natural gas and other aspects of the Company's operations; expansion of the Company's activities; the failure to realize anticipated benefits of acquisitions and dispositions or to manage growth; and risks of non-cash losses as a result of the application of accounting policies.

Working Capital

The capital intensive nature of Crew's activities generally results in the Company carrying a working capital deficiency. Working capital includes cash and cash equivalents and accounts receivable less accounts payable and accrued liabilities. Included in the working capital deficiency is a receivable of $1.5 million for a Government of British Columbia infrastructure credit earned through the completion of a pipeline connecting the West Septimus processing facility to the TC Saturn meter station. The collection of the credits is realized through the reduction of future royalties payable.

The Company ensures that sufficient drawings are available on its Facility to satisfy working capital requirements. At September 30, 2020, the Company's working capital deficiency of $15.0 million, when combined with the drawings on its bank loan, represented drawings of 38% on its $150 million Facility described below.

Capital Funding

Bank Loan

As at September 30, 2020, the Company's revised 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 4, 2021. 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 September 30, 2020, the Company's Decommissioning Obligations exceeded $20 million in the provinces of Alberta and British Columbia, which carried an LMR of 1.8:1 and 7.6:1, respectively. Subsequent to September 30, 2020, the Facility was reviewed and the Borrowing Base was confirmed at the existing level. 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.

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
2020	103.250%
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, asset dispositions and equity financings as needed. As the majority of the Company's on-going capital expenditure program is directed to the further 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 November 6, 2020, there were 156,429,386 common shares of the Company issued and outstanding, which includes 4,779,795 shares held in trust for the future settlement of awards issued under the Company's Restricted and Performance Award Incentive Plan. There were 3,897,109 restricted awards and 4,494,685 performance awards outstanding.

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 September 30, 2020.

Capital Structure

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

Contractual Obligations

Throughout the course of its ongoing business, the Company enters into various contractual obligations such as credit agreements, purchase of services, royalty agreements, operating agreements, processing agreements, right of way agreements and lease obligations for office space. 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	2020	2021	2022	2023	2024	Thereafter
Bank loan (note 1)	42,137	-	-	42,137	-	-	-
Senior unsecured notes (note 2)	300,000	-	-	-	-	300,000	-
Lease obligations	3,091	-	-	244	731	731	1,385
Firm transportation agreements	194,950	10,864	36,701	30,308	25,654	25,232	66,191
Firm processing agreements	143,113	3,914	15,536	15,536	15,536	15,570	77,021
Total	**683,291**	**14,778**	**52,237**	**88,225**	**41,921**	**341,533**	**144,597**

Note 1 – Based on the existing terms of the Company's Facility, the first possible repayment date may come in 2022. However, it is expected that the Facility will be extended and no repayment will be required in the near term.

Note 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 northeast British Columbia.

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

GUIDANCE

Despite an unprecedented global pandemic crushing demand for oil and gas, and six years of low natural gas prices, the Company has been conditioned to doing more with less and has significantly improved operating, cost and capital efficiencies. Crew has continued to look forward and plan for the future, with several strategic initiatives designed to enhance its long-term financial and operational sustainability. The Company believes that a proactive strategy will help "Right Size" the Company through optimizing processing and transportation capacity, leading to margin expansion and improved debt metrics in an improved natural gas price environment.

The Company forecasts annual 2020 exploration and development expenditures of $85 to $90 million ($27 to $37 million net of dispositions), with fourth quarter capital spending projected to be $40 to $45 million. Drilling and completion of the seven wells on the 9-5 pad at West Septimus will continue through the fourth quarter of 2020, with production anticipated to begin before year-end 2020. The Company will also continue to advance its plan to increase production to match processing and transportation capacity and to improve margins with the drilling of five wells at the 3-32 pad in the West Septimus ultra-condensate rich area.

As a result of the strong underlying production base, the Company is pleased to be able to increase its forecasted fourth quarter 2020 average production guidance to 20,000 to 21,000 boe per day, from 19,500 to 20,500 boe per day, and refine its annual 2020 average production guidance to 21,000 to 22,000 boe per day, from 20,000 to 22,000 boe per day.

ADDITIONAL DISCLOSURES

Quarterly Analysis

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

($ thousands, except per share amounts)	**Sep. 30 2020**	June 30 2020	Mar. 31 2020	Dec. 31 2019	Sep. 30 2019	June 30 2019	Mar. 31 2019	Dec. 31 2018
Total daily production (boe/d)	**20,207**	22,074	23,894	22,446	22,824	22,865	23,222	22,383
Exploration and development expenditures	**21,876**	5,348	18,029	26,390	18,466	13,997	55,241	33,174
Net property (dispositions)/acquisitions	**(35)**	44	(34,940)	82	7	(3,249)	(15,924)	175
Average wellhead price ($/boe)	**17.40**	12.39	17.52	21.76	19.81	24.77	26.53	24.69
Petroleum and natural gas sales	**32,344**	24,889	38,094	44,941	41,597	51,543	55,451	50,838
Cash provided by operations	**5,121**	8,175	9,919	21,106	8,877	40,879	10,533	22,878
Adjusted funds flow (note 1)	**8,549**	4,633	12,400	16,086	16,664	22,513	25,771	23,712
Per share – basic	**0.06**	0.03	0.08	0.11	0.11	0.15	0.17	0.16
– diluted	**0.06**	0.03	0.08	0.11	0.11	0.15	0.17	0.16
Net (loss) income	**(21,136)**	(24,803)	(191,909)	(6,235)	(3,255)	15,375	6,186	18,771
Per share – basic	**(0.14)**	(0.16)	(1.27)	(0.04)	(0.02)	0.10	0.04	0.12
– diluted	**(0.14)**	(0.16)	(1.27)	(0.04)	(0.02)	0.10	0.04	0.12

Note 1 – Non-IFRS measure. See "Non-IFRS Measures" contained within this MD&A.

The Company has been conservatively managing capital spending since 2017, due to weak Canadian natural gas prices over the past three years. 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.

Significant volatility in commodity prices has impacted cash provided by operating activities, adjusted funds flow and net (loss) income. 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.

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 has adversely impacted global commercial activity and has significantly reduced worldwide demand for commodities including crude oil, natural gas and ngl. The result has been significant volatility and a decline in the near and medium term price for these commodities. 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.

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 July 1, 2020 and ended on September 30, 2020 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting. No material changes in the Company's internal controls over financial reporting were identified during such period that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

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

Dated as of November 6, 2020

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited) (thousands)	**September 30, 2020**	December 31, 2019
Assets		
Current Assets:		
Accounts receivable	**$ 14,183**	$ 26,994
Derivative financial instruments (note 4)	**1,063**	3,180
Assets held for sale	**-**	19,845
	15,246	50,019
Derivative financial instruments (note 4)	**417**	-
Property, plant and equipment (note 5)	**1,129,606**	1,401,628
	$ 1,145,269	$ 1,451,647
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued liabilities	**$ 29,181**	$ 45,949
Derivative financial instruments (note 4)	**4,749**	-
Liabilities associated with assets held for sale	**-**	741
	33,930	46,690
Derivative financial instruments (note 4)	**697**	-
Bank loan (note 7)	**42,137**	52,136
Senior unsecured notes (note 8)	**296,605**	295,868
Lease obligations (note 9)	**2,787**	2,708
Decommissioning obligations (note 10)	**90,545**	87,024
Deferred tax liability	**-**	53,563
Shareholders' Equity		
Share capital (note 11)	**1,483,067**	1,478,294
Contributed surplus	**69,629**	71,644
Deficit	**(874,128)**	(636,280)
	678,568	913,658
Subsequent event (note 4,15)		
Commitments (note 14)		
	$ 1,145,269	$ 1,451,647

See accompanying notes to the condensed interim consolidated financial statements.

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

(unaudited) (thousands, except per share amounts)	**Three months ended Sept. 30, 2020**	Three months ended Sept. 30, 2019	**Nine months ended Sept. 30, 2020**	Nine months ended Sept. 30, 2019
Revenue				
Petroleum and natural gas sales (note 12)	**$ 32,344**	$ 41,597	**$ 95,327**	$ 148,591
Royalties	**(1,418)**	(3,126)	**(4,500)**	(10,682)
Realized gain on derivative financial instruments	**3,540**	2,893	**14,052**	731
Unrealized (loss) gain on derivative financial instruments	**(12,013)**	579	**(7,146)**	(1,123)
Other (note 12)	**294**	3,553	**1,246**	11,140
	22,747	45,496	**98,979**	148,657
Expenses				
Operating	**11,259**	13,232	**36,378**	40,472
Transportation	**7,230**	5,876	**21,069**	16,861
Marketing	**-**	-	**-**	414
General and administrative	**1,463**	2,854	**5,491**	8,898
Share-based compensation	**519**	1,147	**1,997**	4,211
Depletion and depreciation (note 5)	**16,785**	19,308	**54,982**	57,420
	37,256	42,417	**119,917**	128,276
(Loss) income from operations	**(14,509)**	3,079	**(20,938)**	20,381
Financing (note 13)	**6,263**	6,750	**18,375**	19,619
Impairment on property, plant and equipment (note 6)	**-**	-	**267,334**	-
Loss (gain) on divestiture of property, plant and equipment (note 5)	**364**	-	**(15,236)**	(19,846)
(Loss) income before income taxes	**(21,136)**	(3,671)	**(291,411)**	20,608
Deferred tax (recovery) expense	**-**	(416)	**(53,563)**	2,302
Net (loss) income and comprehensive (loss) income	**$ (21,136)**	$ (3,255)	**$ (237,848)**	$ 18,306
Net (loss) income per share (note 11)				
Basic	**$ (0.14)**	$ (0.02)	**$ (1.56)**	$ 0.12
Diluted	**$ (0.14)**	$ (0.02)	**$ (1.56)**	$ 0.12

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, 2020	151,534	$ 1,478,294	$ 71,644	$ (636,280)	$ 913,658
Net loss for the period	-	-	-	(237,848)	(237,848)
Share-based compensation expensed	-	-	1,997	-	1,997
Share-based compensation capitalized	-	-	1,928	-	1,928
Issued from treasury on vesting of share awards	157	3,620	(4,039)	-	(419)
Released from trust on vesting of share awards	2,411	1,901	(1,901)	-	-
Purchase of shares held in trust (note 11)	(2,360)	(748)	-	-	(748)
Balance, September 30, 2020	**151,742**	**$ 1,483,067**	**$ 69,629**	**$ (874,128)**	**$ 678,568**

(unaudited) (thousands)	Number of shares, net of shares in trust	Share capital	Contributed surplus	Deficit	Total Shareholders' equity
Balance, January 1, 2019	151,730	$ 1,468,986	$ 75,715	$ (648,351)	$ 896,350
Net income for the period	-	-	-	18,306	18,306
Share-based compensation expensed	-	-	4,211	-	4,211
Share-based compensation capitalized	-	-	3,839	-	3,839
Issued from treasury on vesting of share awards	4,509	14,096	(14,096)	-	-
Released from trust on vesting of share awards	26	61	(61)	-	-
Purchase of shares held in trust (note 11)	(4,783)	(5,000)	-	-	(5,000)
Balance, September 30, 2019	**151,482**	**$ 1,478,143**	**$ 69,608**	**$ (630,045)**	**$ 917,706**

See accompanying notes to the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) (thousands)	Three months ended Sept. 30, 2020	Three months ended Sept. 30, 2019	Nine months ended Sept. 30, 2020	Nine months ended Sept. 30, 2019
Cash provided by (used in):				
Operating activities:				
Net (loss) income	**$ (21,136)**	$ (3,255)	**$ (237,848)**	$ 18,306
Adjustments:				
Unrealized loss (gain) on derivative financial instruments	**12,013**	(579)	**7,146**	1,123
Share-based compensation	**519**	1,147	**1,997**	4,211
Depletion and depreciation (note 5)	**16,785**	19,308	**54,982**	57,420
Financing expenses (note 13)	**6,263**	6,750	**18,375**	19,619
Interest expense (note 13)	**(5,793)**	(6,045)	**(16,647)**	(17,450)
Impairment on property, plant and equipment (note 6)	**-**	-	**267,334**	-
Loss (gain) on divestiture of property, plant and equipment (note 5)	**364**	-	**(15,236)**	(19,846)
Deferred tax (recovery) expense	**-**	(416)	**(53,563)**	2,302
Decommissioning obligations settled (note 10)	**(992)**	(761)	**(1,174)**	(3,378)
Change in non-cash working capital	**(2,902)**	(7,272)	**(2,151)**	(2,018)
	5,121	8,877	**23,215**	60,289
Financing activities:				
Increase (decrease) in bank loan	**6,671**	8,466	**(9,999)**	(3,040)
Payments on lease obligations (note 9)	**25**	(272)	**(213)**	(809)
Shares purchased and held in trust (note 11)	**(498)**	(421)	**(748)**	(5,000)
Settlement of restricted and performance awards (note 11)	**-**	-	**(419)**	-
	6,198	7,773	**(11,379)**	(8,849)
Investing activities:				
Property, plant and equipment expenditures (note 5)	**(21,876)**	(18,466)	**(45,253)**	(87,704)
Property acquisitions (note 5)	**(2)**	(7)	**(57)**	(1,583)
Property dispositions (note 5)	**37**	-	**34,988**	20,749
Change in non-cash working capital	**10,522**	1,823	**(1,514)**	17,098
	(11,319)	(16,650)	**(11,836)**	(51,440)
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 nine months ended September 30, 2020 and 2019

(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:

(a) Statement of compliance:

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, 2019. 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 November 6, 2020.

(b) Government grants accounting policy:

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be met. If a grant is received but compliance with any attached condition is not achieved, the grant is recognized as a deferred liability until such conditions are fulfilled. When the grant relates to an income or expense item, it is recognized as income or a reduction of the related expense item in the period in which the income is earned or costs are incurred. Where the grant relates to an asset, it is recognized as a reduction to the net book value of the related asset and then subsequently in the statements of income over the expected useful life of the related asset through lower charges to impairment and/or depletion and depreciation.

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 outbreak and subsequent measures intended to limit the pandemic contributed to significant volatility in global financial markets. The pandemic has adversely impacted global commercial activity and has significantly reduced worldwide demand for commodities including crude oil, natural gas and natural gas liquids ("ngl"). The result has been significant volatility and a decline in the near and medium term price for these commodities.

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 severity of the virus. These uncertainties may persist beyond when it is determined how to contain the virus or treat its impact. The outbreak 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 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 statement 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 2020 and beyond.

A full list of the key sources of estimation uncertainty can be found in the Company's annual consolidated financial statements for the year ended December 31, 2019. The outbreak 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 commodity prices, due to reasons noted above, have increased the risk of measurement uncertainty in determining the recoverable amounts, especially estimating economic crude oil and natural gas reserves and estimating forward 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 September 30, 2020 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 is 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 September 30, 2020.

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 September 30, 2020, the Company held derivative commodity contracts as follows:

Subject of Contract	Notional Quantity	Term	Reference	Strike Price	Option Traded	Fair Value
Gas	10,000 mmbtu/day	October 1, 2020 – December 31, 2020	CDN$ Chicago Citygate Monthly	$3.34/mmbtu	Swap	$ 15
Gas	2,500 mmbtu/day	October 1, 2020 – December 31, 2020	CDN$ Chicago Citygate Daily	$3.23/mmbtu	Swap	23
Gas	2,500 mmbtu/day	October 1, 2020 – December 31, 2020	US$ Nymex Henry Hub	$2.48/mmbtu	Swap	(70)
Gas	10,000 gj/day	November 1, 2020 – December 31, 2020	AECO C Daily Index	$3.02/gj	Swap	165
Gas	2,500 mmbtu/day	November 1, 2020 – October 31, 2021	CDN$ Chicago Citygate Monthly	$3.17/mmbtu	Swap	(530)
Gas	10,000 mmbtu/day	November 1, 2020 – October 31, 2021	CDN$ Chicago Citygate Daily	$3.27/mmbtu	Swap	(1,744)
Gas	5,000 mmbtu/day	January 1, 2021 – October 31, 2021	CDN$ Chicago Citygate Monthly	$3.64/mmbtu	Swap	(181)
Gas	7,500 mmbtu/day	January 1, 2021 – October 31, 2021	CDN$ Chicago Citygate Daily	$3.74/mmbtu	Swap	(47)
Gas	20,000 gj/day	January 1, 2021 – March 31, 2021	AECO C Daily Index	$2.52/gj	Swap	(926)
Gas	15,000 gj/day	January 1, 2021 – March 31, 2021	AECO C Monthly Index	$2.53/gj	Swap	(664)
Gas	5,000 gj/day	January 1, 2021 – December 31, 2021	AECO C Daily Index	$2.66/gj	Swap	(121)
Gas	2,500 gj/day	January 1, 2021 – December 31, 2021	AECO C Monthly Index	$2.50 - $3.00/gj	Collar(1)	-
Gas	11,500 gj/day	April 1, 2021 – June 30, 2021	AECO C Monthly Index	$2.12/gj	Swap	(411)
Gas	14,000 gj/day	April 1, 2021 – June 30, 2021	AECO C Daily Index	$2.12/gj	Swap	(511)
Gas	2,500 gj/day	April 1, 2021 – October 31, 2021	AECO C Daily Index	$2.35/gj	Swap	(103)
Gas	2,500 gj/day	April 1, 2021 – October 31, 2021	AECO C Monthly Index	$2.05/gj	Swap	(267)
Gas	11,500 gj/day	July 1, 2021 – September 30, 2021	AECO C Daily Index	$2.18/gj	Swap	(398)
Gas	10,000 gj/day	July 1, 2021 – September 30, 2021	AECO C Monthly Index	$2.19/gj	Swap	(332)
Gas	10,000 gj/day	October 1, 2021 – December 31, 2021	AECO C Daily Index	$2.40/gj	Swap	(378)
Gas	9,000 gj/day	October 1, 2021 – December 31, 2021	AECO C Monthly Index	$2.40/gj	Swap	(338)
Gas	5,000 gj/day	November 1, 2021 – December 31, 2021	AECO C Daily Index	$2.85/gj	Swap	(10)
Gas	5,000 gj/day	November 1, 2021 – March 31, 2022	AECO C Daily Index	$2.93/gj	Swap	(14)
Gas	2,500 gj/day	January 1, 2022 – March 31, 2022	AECO C Monthly Index	$2.75 - $3.20/gj	Collar(2)	(11)
Gas	7,500 gj/day	January 1, 2022 – December 31, 2022	AECO C Daily Index	$2.44/gj	Swap	(79)
Oil	1,250 bbl/day	October 1, 2020 – December 31, 2020	CDN$ WTI	$77.32/bbl	Swap	3,064

Oil	500 bbl/day	October 1, 2020 – December 31, 2020	USD$ WCS – WTI Differential	($14.43)/bbl	Swap	(224)
Oil	250 bbl/day	October 1, 2020 – December 31, 2020	CDN$ WCS	$51.50/bbl	Swap	271
Condensate	500 bbl/day	January 1, 2021 – June 30, 2021	CDN$ Edmonton C5 Blended Index	$53.63/bbl	Swap	(145)
Total						**$ (3,966)**

(3) 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 $3.00/gj when the market price is above $3.00/gj.
(4) 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 September 30, 2020, the Company entered into the following commodity contracts:

Subject of Contract	Notional Quantity	Term	Reference	Strike Price	Option Traded
Gas	7,500 gj/day	November 1, 2021 – December 31, 2021	AECO C Daily Index	$2.84/gj	Swap
Gas	5,000 gj/day	November 1, 2021 – March 31, 2022	AECO C Monthly Index	$2.65 - $2.95/gj	Collar(1)
Gas	5,000 gj/day	November 1, 2021 – March 31, 2022	AECO C Monthly Index	$2.84/gj	Swap
Gas	20,000 gj/day	January 1, 2022 – March 31, 2022	AECO C Daily Index	$3.05/gj	Swap
Gas	10,000 gj/day	January 1, 2022 – March 31, 2022	AECO C Monthly Index	$3.09/gj	Swap
Gas	7,500 gj/day	January 1, 2022 – December 31, 2022	AECO C Daily Index	$2.40/gj	Swap
Gas	7,500 gj/day	January 1, 2022 – December 31, 2022	AECO C Monthly Index	$2.36/gj	Swap
Gas	20,000 gj/day	April 1, 2022 – June 30, 2022	AECO C Daily Index	$2.17/gj	Swap
Gas	10,000 gj/day	April 1, 2022 – June 30, 2022	AECO C Monthly Index	$2.20/gj	Swap
Gas	5,000 gj/day	April 1, 2022 – October 31, 2022	AECO C Daily Index	$2.19/gj	Swap
Gas	20,000 gj/day	July 1, 2022 – September 30, 2022	AECO C Daily Index	$2.20/gj	Swap
Gas	10,000 gj/day	July 1, 2022 – September 30, 2022	AECO C Monthly Index	$2.22/gj	Swap
Gas	20,000 gj/day	October 1, 2022 – December 31, 2022	AECO C Daily Index	$2.44/gj	Swap
Gas	10,000 gj/day	October 1, 2022 – December 31, 2022	AECO C Monthly Index	$2.48/gj	Swap

(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.

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, derivative financial instruments, the bank loan, the senior unsecured notes and lease obligations. Accounts payable 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 derivative financial instruments generally have contractual maturities of less than one year. The Company maintains a revolving credit facility, as outlined in note 7, which is subject to annual renewal by the lenders and has a contractual maturity in 2022 if not extended. In addition, the Company issued $300 million in senior unsecured notes in 2017 that mature in 2024, as discussed in note 8.

The Company maintains and monitors cash flow which is used to partially finance operating and capital expenditures. The Company does not pay dividends.

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 ongoing operations of the Company. Crew monitors its capital structure and makes adjustments on an ongoing basis in order to maintain the flexibility needed to achieve the Company's long-term objectives. To manage its capital structure, the Company may adjust capital spending, hedge future revenue through commodity contracts, issue new equity, issue new debt or repay existing debt through asset sales.

With only 28% 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:

The Company closely monitors its capital structure with a goal of maintaining a strong financial position in order to fund current operations and the future growth of the Company. Crew monitors net debt as part of its capital structure.

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

		September 30, 2020		December 31, 2019
Current assets	**$**	**15,246**	$	50,019
Current liabilities		**(33,930)**		(46,690)
Derivative financial instruments		**3,686**		(3,180)
Working capital (deficiency) surplus	**$**	**(14,998)**	$	149
Bank loan		**(42,137)**		(52,136)
Senior unsecured notes		**(296,605)**		(295,868)
Net debt	**$**	**(353,740)**	$	(347,855)

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 7).

Funds from operations and adjusted funds flow:

One of the benchmarks Crew uses to evaluate its performance 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 Sept. 30, 2020	Three months ended Sept. 30, 2019	Nine months ended Sept. 30, 2020	Nine months ended Sept. 30, 2019
Cash provided by operating activities	**$ 5,121**	$ 8,877	**$ 23,215**	$ 60,289
Change in operating non-cash working capital	**2,902**	7,272	**2,151**	2,018
Accretion of deferred financing costs	**(245)**	(246)	**(737)**	(737)
Funds from operations	**$ 7,778**	$ 15,903	**$ 24,629**	$ 61,570
Decommissioning obligations settled excluding grants (note 10)	**771**	761	**953**	3,378
Adjusted funds flow	**$ 8,549**	$ 16,664	**$ 25,582**	$ 64,948

5. Property, plant and equipment:

Cost	Total
Balance, January 1, 2019	$ 2,523,981
Additions	114,094
Acquisitions	1,570
Increase in right-of-use assets	3,974
Transfer to assets held for sale	(21,824)
Divestitures	(1,300)
Change in decommissioning obligations	686
Capitalized share-based compensation	4,897
Balance, December 31, 2019	$ 2,626,078
Additions	45,253
Acquisitions	57
Divestitures	(1,751)
Change in decommissioning obligations	4,201
Capitalized share-based compensation	1,928
Balance, September 30, 2020	**$ 2,675,766**

Accumulated depletion and depreciation	Total
Balance, January 1, 2019	$ 1,150,962
Depletion and depreciation expense	75,776
Divestitures	(309)
Transfer to assets held for sale	(1,979)
Balance, December 31, 2019	$ 1,224,450
Depletion and depreciation expense	54,982
Divestitures	(606)
Impairment	267,334
Balance, September 30, 2020	**$ 1,546,160**

Net book value	Total
Balance, September 30, 2020	**$ 1,129,606**
Balance, December 31, 2019	$ 1,401,628

The calculation of depletion and depreciation expense for the three months ended September 30, 2020 included estimated future development costs of $1,785.1 million (December 31, 2019 - $1,787.2 million) associated with the development of the Company's proved plus probable reserves and excludes salvage value of $69.8 million (December 31, 2019 - $70.6 million) and undeveloped land of $150.2 million (December 31, 2019 - $155.7 million) related to future development acreage with no associated reserves.

Included in depletion and depreciation expense for the nine months ended September 30, 2020, is $0.3 million (December 31, 2019 - $0.9 million) related to the right-of-use assets for the Company's leases. As at September 30, 2020, the net book value of these right-of-use assets is $2.7 million (December 31, 2019 - $3.0 million).

During the first quarter of 2020, the Company disposed of an 11% net working interest in each of its Septimus gas processing facility and West Septimus gas processing facility ("Greater Septimus Processing Complex") located in Northeast British Columbia for net proceeds of $34.8 million, after transaction costs. These facilities were classified as held for sale as at December 31, 2019, with a net book value of $19.8 million and associated decommissioning obligations of $0.7 million, resulting in a gain of $15.7 million.

6. Impairment:

	Three months ended Sept. 30, 2020	Three months ended Sept. 30, 2019	**Nine months ended Sept. 30, 2020**	Nine months ended Sept. 30, 2019
Impairment losses:				
property, plant and equipment	**$ -**	$ -	**$ 267,334**	$ -
	$ -	$ -	**$ 267,334**	$ -

There were no indicators of impairment or impairment reversal for the Company's CGUs as at September 30, 2020, and therefore an impairment test was not performed. The Company performed impairment tests and recorded impairment charges in the first quarter of 2020 as detailed below.

Assessment:

At March 31, 2020, the Company determined that indicators of impairment existed as a result of; the COVID-19 outbreak and its impact on global commodity demand due to the measures taken to limit the spread of the pandemic, the rapid fall in crude oil prices due to increased supply brought on by a price war between OPEC and non-OPEC members and the impact that these events had on the Company's equity and debt values. As a result, the Company tested its northeast British Columbia CGU and Lloydminster CGU for impairment. It was determined that the carrying value of the northeast British Columbia CGU and Lloydminster CGU exceeded their recoverable amounts and impairment charges of $237.5 million and $29.8 million, respectively, were recorded for the CGUs.

For the purpose of impairment testing, the recoverable amount of the Company's CGUs is the greater of its value in use and its fair value less costs to sell. Value in use is generally the future cash flows expected to be derived from production of proven and probable reserves estimated by the Company's third party reserve evaluators and the internally estimated future cash flows of undeveloped lands. At March 31, 2020, the Company used value in use, discounted at pre-tax rates between 10% and 30% (December 31, 2019 – 10% and 30%) dependent on the risk profile of the reserve category and CGU.

Impairment reversals are recognized to the extent that impairment had been previously recorded, but are limited to the net book value that would exist had the original impairment never been recorded, including estimates for depletion.

The following estimates were used in determining whether an impairment or reversal to the carrying value of the CGU existed at March 31, 2020:

	WTI Oil (US$/bbl)[1]	WCS ($CDN/bbl)[1]	AECO Gas ($CDN/mmbtu)[1]	$US/$CDN)[1]
2020	30.00	20.13	1.78	0.70
2021	41.18	34.78	2.23	0.73
2022	49.88	45.91	2.42	0.75
2023	55.87	52.70	2.54	0.75
2024	57.98	55.26	2.61	0.75
2025	59.22	56.63	2.69	0.75
2026	60.40	57.86	2.75	0.75
2027	61.60	59.10	2.81	0.75
2028	62.84	60.38	2.87	0.75
2029	64.10	61.68	2.93	0.75
Remainder	+2.0%/yr	+2.0%/yr	+2.0%/yr	0.75 thereafter

(1) Source: 4 Consultants' average, GLJ Petroleum Consultants, McDaniel & Associates Consultants, Sproule Associates and Deloitte Resource Evaluation & Advisory price forecasts, effective April 1, 2020.

The external reserve evaluator also assess many other financial assumptions regarding royalty rates, operating costs and future development costs along with several other non-financial assumptions that affect reserve volumes. Management considered these assumptions for the impairment test at March 31, 2020, however, it should be noted that all estimates are subject to uncertainty.

The sensitivity analysis below shows the impact that a change in the discount rate or forward commodity prices would have on impairment testing for each CGU as at March 31, 2020:

	Discount Rate		Pricing	
	1% decrease	1% increase	5% decrease	5% increase
(Decrease) increase to impairment recorded	(62,939)	72,896	106,192	(87,673)

7. Bank loan:

As at September 30, 2020, the Company's revised 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 4, 2021. 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 September 30, 2020, the Company's Decommissioning Obligations exceeded $20 million in the provinces of Alberta and British Columbia, which carried an LMR of 1.8:1 and 7.6:1, respectively. Subsequent to September 30, 2020, the Facility was reviewed and the Borrowing Base was confirmed at the existing level. 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 September 30, 2020, the Company's applicable pricing included a 2.00 percent margin on prime lending, a 3.00 percent stamping fee and margin on bankers' acceptances and LIBOR loans along with a 0.75 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 September 30, 2020, the Company had issued letters of credit totaling $12.1 million (December 31, 2019 - $11.4 million).

8. 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
2020	103.250%
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 September 30, 2020, the carrying value of the 2024 Notes was net of deferred financing costs of $3.4 million (December 31, 2019 – $4.1 million).

9. Lease obligations:

	As at September 30, 2020	As at December 31, 2019
Less than 1 year	**$ -**	$ 290
1 – 3 years	**791**	244
After 3 years	**2,300**	2,847
Total undiscounted future lease payments	**$ 3,091**	$ 3,381
Total undiscounted future interest payments	**(408)**	(485)
Present value of lease obligations	**$ 2,683**	$ 2,896
Current portion of lease obligations, included in accounts payable and accrued liabilities	**104**	(188)
Long-term portion of lease obligations	**$ 2,787**	$ 2,708

	Nine months ended September 30, 2020	Year ended December 31, 2019
Principal payments	**$ 213**	$ 1,071
Interest payments	**77**	100
Total cash outflow	**$ 290**	$ 1,171

The Company's total undiscounted future lease payments of $3.1 million equate to future operating lease obligations and excludes commitments for firm transportation and processing agreements, as disclosed in note 14, 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.

10. Decommissioning obligations:

	Nine months ended September 30, 2020	Year ended December 31, 2019
Decommissioning obligations, beginning of period	**$ 87,024**	$ 89,448
Obligations incurred	**1,377**	3,481
Obligations settled	**(1,174)**	(3,919)
Obligations divested	**(497)**	(351)
Change in estimated future cash outflows	**2,824**	(2,795)
Accretion of decommissioning obligations	**991**	1,901
Transferred to liabilities associated with assets held for sale	**-**	(741)
Decommissioning obligations, end of period	**$ 90,545**	$ 87,024

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 $90.5 million as at September 30, 2020 (December 31, 2019 – $87.0 million) based on an inflation adjusted undiscounted total future liability of $102.4 million (December 31, 2019 – $110.1 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 0.99% (December 31, 2019 – 1.35%). The discount factor, being the risk-free rate related to the liability, is 0.99% (December 31, 2019 – 1.76%). The $2.8 million (December 31, 2019 – $2.8 million) change in estimated future cash outflows for the nine months ended September 30, 2020 is a result of a change in the inflation rate, discount factor and estimated future abandonment costs.

Included in decommissioning obligations settled is $0.2 million related to government grants earned for well site rehabilitation.

11. Share capital:

At September 30, 2020, 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 to be typically paid as to one-third on each of the first, second and third anniversaries of the date of grant. For the purpose of calculating share-based compensation, the fair value of each award is determined at the grant date using the closing price of the common shares. In the case of PAs, the award value is adjusted for a payout multiplier which can range from 0.0 to 2.0 and is dependent on the performance of the Company relative to pre-defined corporate performance measures for a particular period. On the vesting dates, the Company has the option of settling the award value in cash or common shares of the Company.

Subsequent to May 21, 2018, being the third anniversary from the date the Company last obtained approval from shareholders for the continued issuance of common shares from treasury under the RPAP, the Company is no longer eligible to issue common shares from treasury to settle the award value of any newly granted RAs and PAs. The Company remains 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. Common shares acquired in the open market 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 nine months ended September 30, 2020, the trustee purchased 2,360,000 common shares for a total cost of $0.7 million and as at September 30, 2020, the trustee holds 4,687,000 common shares in trust.

Upon the vesting of 1,668,000 RAs and 1,825,000 PAs, when taking into account the earned multipliers for PAs, 157,000 common shares of the Company were issued from treasury, 2,411,000 common shares were released from trust and $0.4 million was paid out in settlement of such awards for the nine months ended September 30, 2020.

The number of RAs and PAs outstanding are as follows:

	Number of RAs	Number of PAs
Balance, January 1, 2020	3,613	4,172
Granted	2,259	2,407
Vested	(1,668)	(1,825)
Forfeited	(267)	(162)
Balance, September 30, 2020	**3,937**	**4,592**

Per share amounts:

Per share amounts have been calculated on the weighted average number of shares outstanding. The weighted average shares outstanding for the three month period ended September 30, 2020 was 152,352,000 (September 30, 2019 – 151,655,000) and for the nine month period ended September 30, 2020, the weighted average number of shares outstanding was 152,392,000 (September 30, 2019 – 152,021,000).

In computing diluted earnings per share, the Company considers the dilutive impact of RAs and PAs. For the three month period ended September 30, 2020, nil (September 30, 2019 – nil) shares were added to the weighted average common shares outstanding to account for the dilution of RAs and PAs and for the nine month period ended September 30, 2020, nil (September 30, 2019 – 153,000) shares were added to the weighted average common shares for dilution. For the three month period ended September 30, 2020, there were 8,529,000 (September 30, 2019 – 7,872,000) RAs and PAs that were not included in the diluted earnings per share calculation because they were anti-dilutive. For the nine month period ended September 30, 2020, there were 8,529,000 (September 30, 2019 – 4,724,000) RAs and PAs that were not included in the diluted earnings per share calculation because they were anti-dilutive.

12. 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 natural gas liquids ("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 majority of the Company's natural gas is sold on 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 revenue from contracts with customers:

	Three months ended Sept. 30, 2020	Three months ended Sept. 30, 2019	**Nine months ended Sept. 30, 2020**	Nine months ended Sept. 30, 2019
Light crude oil	**$ 642**	$ 1,368	**$ 1,938**	$ 3,544
Heavy crude oil	**5,092**	7,911	**9,813**	23,719
Natural gas liquids	**1,931**	112	**4,456**	3,484
Condensate	**8,998**	14,734	**31,341**	48,999
Natural gas	**15,681**	17,472	**47,779**	68,845
	$ 32,344	$ 41,597	**$ 95,327**	$ 148,591

Other revenue:

The following table summarizes the Company's other revenue:

	Three months ended Sept. 30, 2020	Three months ended Sept. 30, 2019	**Nine months ended Sept. 30, 2020**	Nine months ended Sept. 30, 2019
Marketing revenue	**$ (524)**	$ 2,797	**$ (815)**	$ 8,690
Processing revenue	**597**	756	**1,840**	2,450
Decommissioning obligations grant	**221**	-	**221**	-
	$ 294	$ 3,553	**$ 1,246**	$ 11,140

13. Financing:

	Three months ended Sept. 30, 2020	Three months ended Sept. 30, 2019	**Nine months ended Sept. 30, 2020**	Nine months ended Sept. 30, 2019
Interest expense	**$ 5,793**	$ 6,045	**$ 16,647**	$ 17,450
Gain on lease modification	**-**	(7)	**-**	(7)
Accretion of deferred financing costs	**245**	246	**737**	737
Accretion of decommissioning obligations	**225**	466	**991**	1,439
	$ 6,263	$ 6,750	**$ 18,375**	$ 19,619

14. Commitments:

	Total	2020	2021	2022	2023	2024	Thereafter
Firm transportation agreements	$ 194,950	$ 10,864	$ 36,701	$ 30,308	$ 25,654	$ 25,232	$ 66,191
Firm processing agreements	143,113	3,914	15,536	15,536	15,536	15,570	77,021
Total	**$ 338,063**	**$ 14,778**	**$ 52,237**	**$ 45,844**	**$ 41,190**	**$ 40,802**	**$143,212**

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.

15. Subsequent event:

Subsequent to September 30, 2020, the Company closed the second phase of the previously announced sale of an 11% interest in its Greater Septimus Processing Complex for proceeds of $35.0 million.

In an unrelated transaction, the Company exercised and closed its option with a different third party for the acquisition of an approximate 16% interest in the Greater Septimus Processing Complex for $11.7 million.

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, Planning & Development

Paul Dever
Vice President, Government & Stakeholder Relations

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

Mark Miller
Vice President, Land & Negotiations

BOARD OF DIRECTORS

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Chairman, Independent Director

Dennis L. Nerland
Independent Director

Karen A. Nielsen
Independent Director

Ryan A. Shay
Independent Director

Dale O. Shwed
President, Crew Energy Inc.

David G. Smith
Independent Director

Corporate Secretary

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

ABBREVIATIONS

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