2006

2006 ANNUAL REVIEW

crew energy inc.

INTRODUCTION

Crew is proud to present the following summary of its operating and financial performance for 2006. The information contained here-in is a synopsis of the Company's key performance measures for 2006 taken from the previously released December 31, 2006 audited financial statements and annual information form. A complete copy of these documents can be found on Crew's website at www.crewenergy.com, on the SEDAR website at www.sedar.com or a hard copy can be obtained by contacting the Company at (403) 266-2088.

PROFILE

Crew Energy Inc. ("Crew") is a growth-oriented junior oil and natural gas producer. Crew's activities are concentrated in central Alberta and northeast British Columbia and focus on the development and expansion of its core natural gas and light oil producing areas and exploration of its undeveloped land base. Crew's experienced management team is committed to the pursuit of sustainable per share growth through an internally generated exploration and development drilling program complemented by strategic acquisitions.

HIGHLIGHTS

	First Quarter 2006	Second Quarter 2006	Third Quarter 2006	Fourth Quarter 2006	Year ended Dec. 31, 2006	Year ended Dec. 31, 2005
FINANCE						
($ thousands, except per share amounts)						
Petroleum and natural gas sales	24,792	19,164	22,267	26,590	92,813	87,532
Funds from operations (1)	15,063	10,645	14,245	16,705	56,658	59,491
Per share - basic	0.45	0.32	0.41	0.43	1.62	2.11
- diluted	0.44	0.31	0.40	0.43	1.59	1.86
Net income	3,594	3,753	1,633	1,796	10,776	24,641
Per share - basic	0.11	0.11	0.05	0.05	0.31	0.87
- diluted	0.11	0.11	0.05	0.05	0.30	0.77
Exploration and development	40,242	14,373	38,914	30,330	123,859	101,698
Property acquisitions	15,929	–	–	267	16,196	–
Corporate acquisitions	–	–	–	71,151	71,151	–
Net debt	47,748	51,287	38,016	58,871	58,871	6,575
Weighted average shares (thousands)						
Basic	33,284	33,306	34,537	38,404	34,896	28,196
Diluted	34,101	34,128	35,238	38,872	35,586	31,956
OPERATIONS						
Daily production						
Light oil and ngls (bbl/d)	825	634	983	1,316	941	802
Natural gas (mcf/d)	29,436	26,490	28,710	29,464	28,526	20,511
Oil equivalent (boe/d @ 6:1)	5,731	5,049	5,768	6,227	5,695	4,221
Average prices						
Light oil and ngls ($/bbl)	59.77	66.70	70.64	58.84	63.47	60.65
Natural gas ($/mcf)	7.68	6.35	6.01	7.18	6.82	9.32
Oil equivalent ($/boe)	48.07	41.71	41.96	46.41	44.65	56.81
Operating expenses						
Light oil and ngls ($/bbl)	5.24	5.88	4.32	5.67	5.26	4.70
Natural gas ($/mcf)	0.83	0.88	0.90	1.00	0.90	0.73
Oil equivalent ($/boe @ 6:1)	5.03	5.37	5.22	5.92	5.40	4.42
Operating netback ($/boe) (2)	30.40	25.43	28.35	30.75	28.88	39.80
General and administrative ($/boe)	0.77	1.09	0.70	0.73	0.81	0.82
Interest and other ($/boe)	0.44	1.16	0.82	0.86	0.81	0.37
Funds from operations netback ($/boe)	29.19	23.18	26.83	29.16	27.26	38.61
Drilling Activity						
Gross wells	20	7	15	12	54	60
Working interest wells	16.8	6.1	13.3	11.0	47.2	52.9
Success rate, net wells	100%	84%	87%	100%	97%	87%

Notes:

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

(2) Netback - total revenue less royalties, operating costs and transportation costs calculated on a boe basis. Netback does not have a standardized measure prescribed by Canadian Generally Accepted Accounting Principles and therefore may not be comparable with the calculations of similar measures for other companies.

PRESIDENT'S MESSAGE

In 2006 Crew continued to focus on the strategies upon which the Company was founded in 2003. We continued to focus on facilities ownership to control timing and operating costs and internal prospect generation driving drill bit growth. We purchased a 15% interest in a 90 mmcf/d sour gas processing facility in January and built a six inch, 19 kilometre pipeline connecting our Edson production to this facility. Crew spent approximately $41 mm on facilities and pipelines in 2006 which will set the stage for reduced costs and improved on-stream efficiencies in 2007.

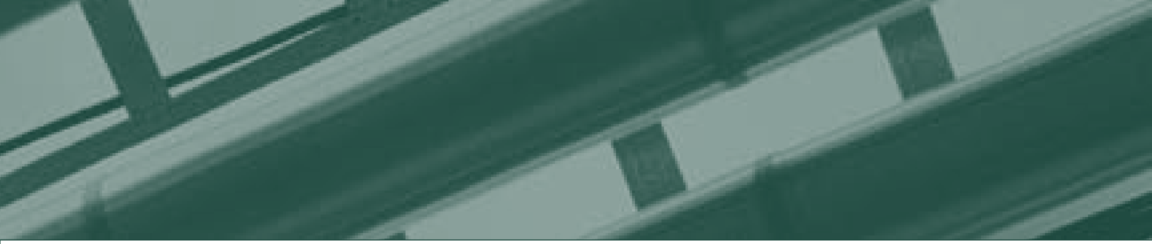
Crew drilled 54 (47.2 net) wells in 2006 resulting in a 97% drilling success rate. This drilling activity combined with the acquisition of a private company in November lead to a 35% increase in average 2006 production to 5,695 boe/d. Our production per share increased 21% over 2005.

We successfully replaced production by 387% with our 2006 capital program. Our reserve life index is now 9.3 years which represents a 75% increase since the Company started in 2003. This dramatic improvement can be attributed to our focus on expanding our presence in deeper gas prone areas of west central Alberta and northeast British Columbia. We intend to continue this trend in 2007.

Fiscal 2006 was very challenging as we experienced a 27% drop in natural gas prices and spiralling service cost inflation. The costs of doing business in 2006 were unprecedented and lead to higher finding and development costs than we had targeted or have ever experienced in the past. As was the case in other business cycles, the response to high service costs were reduced activity levels in the latter part of 2006 and early 2007. At the end of the first quarter of 2007 the signs of much needed service cost reductions are evident. As a result of this trend, we expect on-stream costs to be reduced in 2007 from 2006 and likely more in line with those experienced in 2005.

A key component to our success has been to maintain a flexible balance sheet when markets are robust and commodity prices high. The benefits of this strategy are now coming into play. With the decline in gas prices, the decline in oil & gas company valuations and a reduced access to capital markets, Crew is now in an advantageous position. We have the ability to make strategic acquisitions or, if warranted, expand our land acquisition and drilling programs. The relative cost of acquiring assets versus drilling our own inventory will determine which direction we will take in 2007.

The last year was one of many challenges for our industry and for our Company. We have endured unprecedented cost inflation, a dramatic decline in natural gas prices and probably most importantly to our Crew, we had three members of our team retire. The camaraderie of our friends Dale McAuley, Dan Horner and Garry Wasylycia will be missed. Through an orderly transition process we have been fortunate to fill the rolls of these individuals by adding new members to our Crew. We have also recently added three new professionals to our team and look forward to their contribution to Crew's future success.



The “New Crew” is poised to deliver drill bit production growth of over 40% in 2007. We have been and will continue to be patient in our approach to acquisitions and will continue to carefully weigh the economics and benefits of every well we drill.

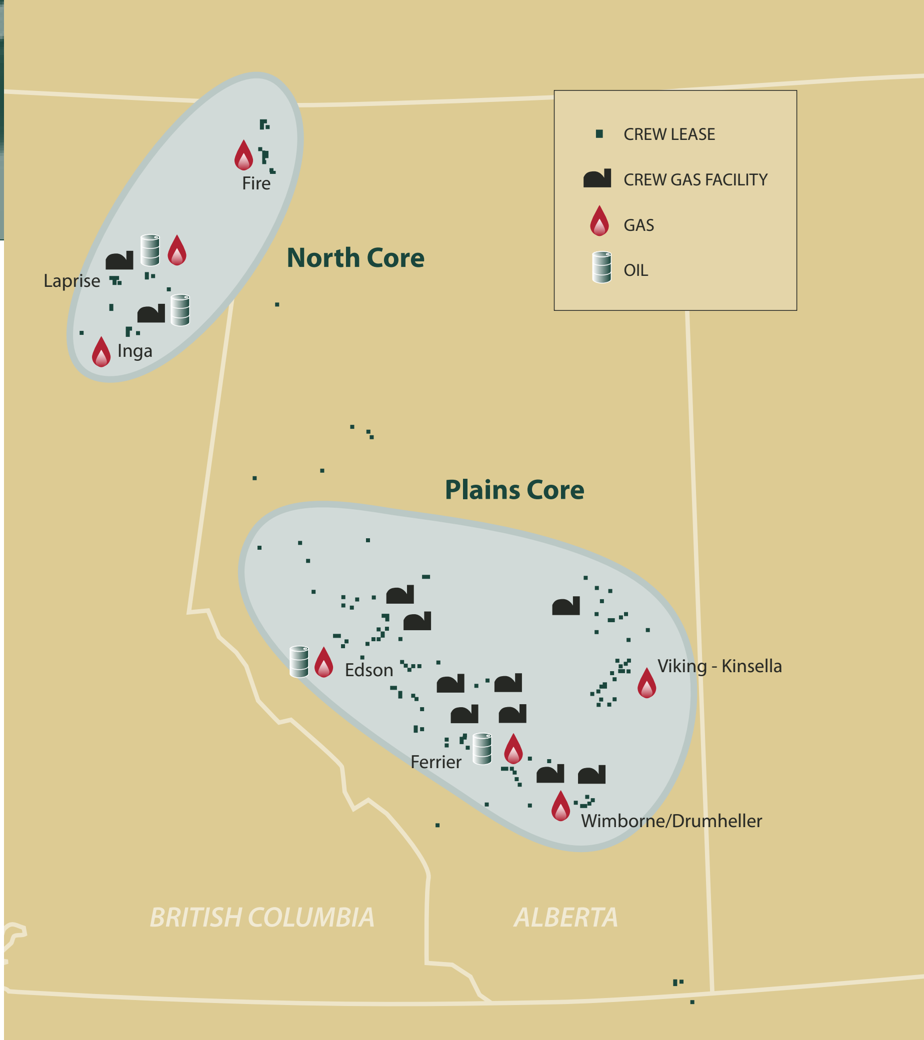
On behalf of our Crew we would like to thank our Board of Directors for their continued support and guidance in 2006. I would also like to thank our shareholders for their support and they can be assured that our commitment to continue to add value to our Company is unwavering. Our Board of Directors and management team have experienced times such as we are currently experiencing and view this period as one of opportunity. We are excited about 2007 and look forward to updating our shareholders on our progress in the 2007 first quarter report.

Dale O. Shwed
President and CEO

ANNUAL MEETING

Crew invites all shareholders and interested parties to attend our Annual Meeting scheduled for Thursday, May 24th, 2007 at 3:00 p.m. (Calgary time), in the Angus Northcote room at Bow Valley Square, +30 level, 255-5th Ave. S.W., Calgary, AB.

PRINCIPAL PROPERTIES



OVERVIEW

Crew's operations are divided into two core areas, the 'North Core' which includes northeast British Columbia and northwest Alberta, and the 'Plains Core' in central Alberta. These core areas include Crew's main operating areas: Ferrier, Edson, Viking-Kinsella, Plain Lake and Wimborne-Drumheller in Alberta and Laprise and Inga in northeast British Columbia.

In 2006, the Company continued to follow its strategy of, where possible, owning and controlling its processing and gathering facilities. As a result, in 2006 the Company spent a large portion of its total capital expenditures on acquiring and constructing gas processing and compression equipment at Edson, Ferrier and Inga as well as adding extensive gas gathering systems at Edson, Ferrier and Plain Lake. The Company has continued to add to its infrastructure in order to maintain low operating costs and ensure processing capacity for its growing natural gas production in its core areas.

Crew's 2006 drilling program focused on development of its core areas complemented by exploration projects that have the potential to add significant production and reserves. The number of wells drilled in 2006 decreased slightly from 2005 as the Company focused more of its drilling on deeper, higher cost natural gas wells in its Ferrier and Edson areas. The Company also had exploration success in 2006 with significant discoveries in the Ferrier and Edson areas.

In November, the Company completed its first corporate acquisition with the purchase of all the issued and outstanding shares of Gladius Energy Inc., a private oil and gas company. The operations acquired were focused predominantly in the Ferrier area.

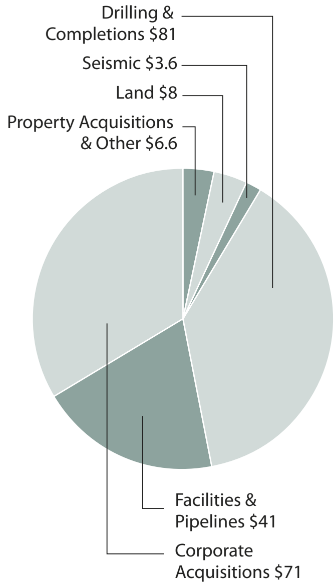
Crew will continue the development of its main operating areas in 2007. The Company has currently budgeted approximately $100 million towards the continued development of these core areas. This development will be the foundation upon which the Company will continue to grow its base production.

In 2007, Crew also plans to drill up to 15 exploration wells on the Company's undeveloped lands. These wells will expose the Company to opportunities that have the potential to significantly increase natural gas and light oil reserves and production. Currently the Company has planned to direct up to $34 million of its 2007 drilling program toward these opportunities.

FERRIER, ALBERTA

Ferrier is in the Company's Plains Core, located in central Alberta, approximately 80 kilometres west of Red Deer. This area's production is mainly liquids rich natural gas production from the Ellerslie and Rock Creek formations. In the western part of Ferrier, Crew has a 58% working interest in a gas plant and has an interest in two compression facilities.

CAPITAL EXPENDITURES
($millions)



Crew drilled 8 (6.3 net) wells in the Ferrier area in 2006 resulting in 6 (4.8 net) cased gas wells, 1 (1.0 net) oil well and 1 (0.5 net) dry and abandoned well. Crew had considerable exploration success at Ferrier in 2006. In the fourth quarter the Company (W.I. – 50.2%) cased a successful Nisku formation natural gas discovery. The well flowed sour gas (6.5% H_2S) at rates of 5.9 to 8.5 mmcf/d at flowing tubing pressures of 4,208 to 4,487 psi. This well is currently on production at over 10.5 mmcf/d.

The acquired Gladius assets included producing oil and natural gas properties and undeveloped land at Ferrier. At the time of closing, the Gladius assets were producing approximately 1,000 boe/d, comprised of mainly natural gas and ngls and which has subsequently increased to in excess of 1,200 boe/d. The Gladius assets also included approximately 10,730 net acres of undeveloped land. To date, Crew has identified up to 15 drilling locations on the Gladius lands.

At Ferrier, Crew is currently evaluating further drilling offsetting two fourth quarter 2006 gas discoveries that are producing approximately 450 boe per day of natural gas and ngls from the Ellerslie formation. The Company is currently planning to drill up to nine development wells at Ferrier in 2007. On the exploration front at Ferrier, the Company has accumulated an additional seven gross sections of land offsetting its fourth quarter Nisku formation natural gas discovery. The Company plans on participating in two to three Nisku formation tests in 2007. The Company also plans to drill 1 (1.0 net) 3,200 metre test targeting light oil from the Leduc formation and 1 (0.465 net) 3,700 metre, Leduc formation natural gas exploration well in 2007.

EDSON, ALBERTA

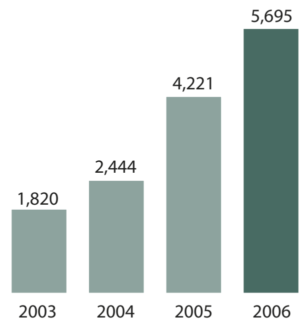
The Edson area is in west-central Alberta, approximately 160 kilometres west of Edmonton. Production from this area is characterized by high heat content natural gas with associated natural gas liquids. The majority of the Company's 2006 natural gas production in the Edson area was delivered through a gathering system and twin 810 bhp compressors owned by Crew (100%). Early in January of 2006, Crew acquired a 15% working interest in a 90 mmcf/d sour gas processing facility. Shortly after closing the acquisition, Crew began construction on a 19 kilometre pipeline which became operational in April 2006.

In 2006, Crew drilled 12 (12.0 net) wells in this area resulting in 9 (9.0 net) gas wells and 3 (3.0 net) oil wells. Crew's 2006 program has set the stage for an active 2007 development program at Edson. The Company has mapped over 200 bcf equivalent of natural gas reserves in place on Crew owned lands in the Edson Area. The Company believes that recovery factors can be improved through down-spacing of vertical or horizontal wells. The Company is currently planning to drill up to eight horizontal and eight vertical wells at Edson in 2007 as a first step in evaluating the potential for improved recoveries. The Company also plans to drill up to five exploration locations in the Edson area in 2007 targeting new liquids rich natural gas.

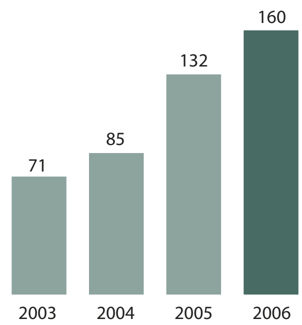
VIKING-KINSELLA AND PLAIN LAKE, ALBERTA

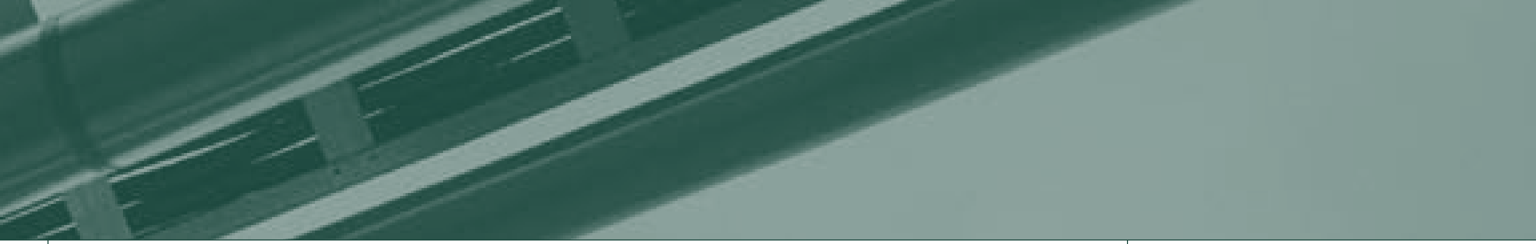
These two areas are located in east-central Alberta, approximately 120 kilometres east of Edmonton. Crew's operations at Viking-Kinsella and Plain Lake are focused on natural gas production from a variety of Cretaceous sandstone reservoirs with most wells having multiple geological zones capable of gas production. Production is gathered into multiple gas gathering systems of which Crew owns interests varying from 8% to 100%.

PRODUCTION GROWTH
(boe/d)



PRODUCTION GROWTH PER SHARE
(boe/d/million diluted shares)





Crew drilled a combined 19 (19.0 net) wells in these areas in 2006, resulting in 18 (18.0 net) natural gas wells and 1 (1.0 net) dry and abandoned well. Crew plans to drill up to 15 wells in these areas in 2007 and is currently acquiring 3D seismic in order to define additional 2007 drilling locations.

WIMBORNE-DRUMHELLER, ALBERTA

Wimborne-Drumheller is located in central Alberta approximately 150 kilometres northeast of Calgary. At Drumheller, the Company has a 42.3% working interest in a 7 mmcf/d gas processing facility, and a 75.3% working interest in compression equipment at the same location. At Wimborne, the Company has an 83.5% working interest in a 7 mmcf/d gas processing facility that is capable of accommodating low pressure coal bed methane production.

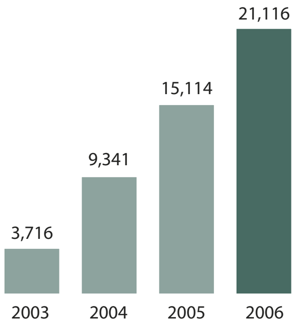
Crew's lands in the Wimborne area are surrounded by new natural gas developments targeting the Horseshoe Canyon coals. Typical Horseshoe Canyon natural gas developments incorporate the drilling of four to eight wells per section with production rates of 70-300 mcf/d per well. Crew has 42 net sections of Horseshoe Canyon coal rights in the Wimborne-Drumheller area with a drilling inventory of up to 120 wells targeting coal bed methane production. In 2007, Crew plans on re-completing the Horseshoe Canyon coals in its existing low productivity Belly River gas wells in order to commingle the production from both zones.

NORTHEAST BRITISH COLUMBIA

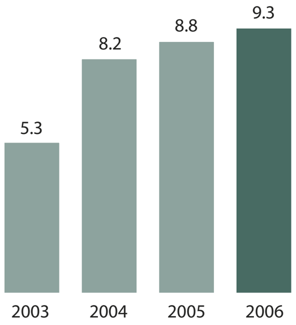
Northeast British Columbia includes Crew's Laprise and Inga areas in the Fort St. John area of Crew's North Core. The Company's 2006 northeast B.C. light oil production came predominantly from two Charlie Lake sandstone oil pools. This oil is gathered into single well oil batteries and trucked to third party pipeline terminals for sale. Northeast B.C. natural gas production consisted of solution gas and non-associated gas produced at Laprise. In addition, at Inga, Crew (WI – 100%) has a 6 mmcf/d gas facility. The Company drilled a total of 2 (2.0 net) wells in northeast B.C. in 2006 resulting in 1 (1.0 net) oil well and 1 (1.0 net) gas well.

Crew's 2007 plans for northeast B.C. include further evaluation of a light oil discovery the Company made at Inga in 2006. Crew has submitted a down-spacing application to the British Columbia Oil and Gas Commission for further development of this discovery through horizontal drilling. The Company also plans to drill a Halfway formation gas target at Inga in the second half of 2007, which if successful can be tied-in to the Company's gas facility in the area. The Company is currently looking at opportunities to expand its presence in the area in 2007.

TOTAL RESERVES (mboe)
(Proved + Probable)



RESERVE LIFE INDEX
(Years)



LAND HOLDINGS

During 2006, Crew strategically acquired additional lands through Crown land sales, freehold mineral leasing farm-in arrangements and a business acquisition. A summary of the Company's land holdings at December 31, 2006 is outlined below:

	Developed		Undeveloped	
	Gross	Net	Gross	Net
Alberta	192,712	100,601	210,248	163,793
British Columbia	6,992	5,508	36,725	28,750
Total	199,704	106,109	246,973	192,543
Average working interest		53%		78%

RESERVES

The reserves data set forth below is based upon an independent evaluation by GLJ Petroleum Consultants ("GLJ") with an effective date of December 31, 2006 and dated March 7, 2007 (the "GLJ Report"). The following presentation summarizes the Company's crude oil, natural gas liquids and natural gas reserves and the net present values of future net revenue for the Company's reserves using forecast prices and costs based on the GLJ Report. The GLJ Report has been prepared in accordance with the standards contained in the COGE Handbook and the reserve definitions contained in NI 51-101.

	Company Interest Reserve Summary (1)				Estimated future net revenues before taxes (2)		
	Forecast Price Reserves				Before Tax Values		
	Light Oil (mbbl)	Ngls (mmcf)	Natural Gas (mmcf)	Equivalent (boe)	0%	5%	10%
Proved							
Producing	355	1,479	40,684	8,615	$ 272,666	$ 222,524	$ 189,934
Non-producing	65	1,013	14,865	3,555	103,764	84,500	71,926
Undeveloped	90	53	6,224	1,180	21,074	12,432	7,383
Total proved	509	2,545	61,772	13,350	397,504	319,456	269,243
Probable	312	1,159	37,768	7,766	238,141	142,178	95,374
Total proved & probable	822	3,705	99,540	21,116	$ 635,645	$ 461,634	$ 364,617

Notes:

(1) "Comp. Int." reserves means, Crew's working interest (operating and non-operating) share before deduction of royalties and including any royalty interest of the Company.

(2) The estimated future net revenues are stated before deducting future estimated site restoration costs and are reduced for estimated future abandonment costs and estimated capital for future development associated with the reserves.

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

(4) May not add due to rounding.

Detailed information regarding the Company's reserves and operations can be found in Crew's December 31, 2006 Annual Information Form filed on the SEDAR website at www.sedar.com or on the Company's website at www.crewenergy.com.

CORPORATE INFORMATION

crew energy inc.

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BANKERS

The Toronto-Dominion Bank

LEGAL COUNSEL

Burnet, Duckworth & Palmer LLP

RESERVE ENGINEERS

GLJ Petroleum Consultants

TRANSFER AGENT

Valiant Trust Company

EXCHANGE LISTING

Toronto Stock Exchange
Stock Symbol: CR

BOARD OF DIRECTORS

John A. Brussa
Partner, Burnet, Duckworth & Palmer LLP

Fred C. Coles
Independent Businessman

Gary J. Drummond
Independent Businessman

Dennis L. Nerland
Partner, Shea Nerland Calnan

Dale O. Shwed
President, Crew Energy Inc.

John A. Thomson, CA
Independent Businessman

OFFICERS

Dale O. Shwed
President and Chief Executive Officer

Ryan K. Chong
Vice-President, Engineering

John G. Leach, CA
Vice-President, Finance and
Chief Financial Officer

Ted E. Nitychoruk
Vice-President, Exploration

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

ABBREVIATIONS

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

CAUTIONARY STATEMENTS

Forward Looking Statements

This summary contains forward-looking statements. Management's assessment of future plans and operations, capital expenditures and the method of funding thereof, production estimates, wells to be drilled, timing of drilling, tie-in completion of wells and the production resulting therefrom may constitute forward-looking statements under applicable securities laws and necessarily involve risks including, without limitation, risks associated with oil and gas exploration, development, exploration, 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, the timing and length of plant turnarounds and the impact of such turnarounds and the timing thereof, delays resulting from or inability to obtain required regulatory approvals and the ability to access sufficient capital from internal and external sources. As a consequence, the Company's actual results could differ materially from those expressed in, or implied by, the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhausted. Additional information on these and other factors that could affect the Company's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com), or at the Company's website (www.crewenergy.com). Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A 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, accept as may be required by applicable securities laws.

Conversions

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