

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis ("MD&A") is dated February 28, 2018 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2017 for a full understanding of the financial position and results of operations of Crescent Point Energy Corp. (the "Company" or "Crescent Point").

The audited consolidated financial statements and comparative information for the year ended December 31, 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standard Board ("IASB").

### STRUCTURE OF THE BUSINESS

The principal undertaking of Crescent Point is to carry on the business of acquiring, developing and holding interests in petroleum and natural gas properties and assets related thereto through a general partnership and wholly owned subsidiaries. Amounts in this report are in Canadian dollars unless noted otherwise. References to "US\$" are to United States ("U.S.") dollars.

### Results of Operations

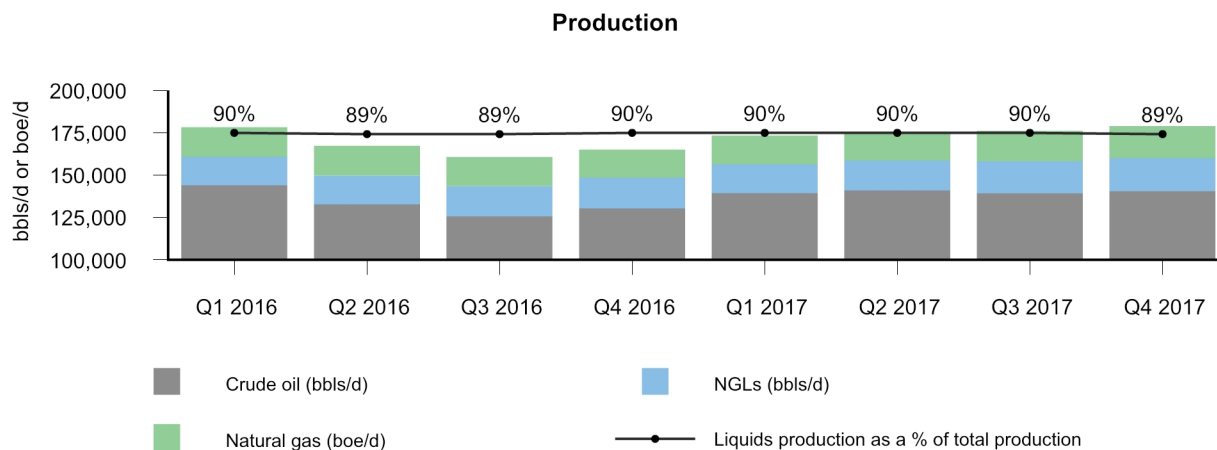
#### Production

	2017	2016	% Change
Crude oil (bbls/d)	139,996	133,172	5
NGLs (bbls/d)	18,250	17,372	5
Natural gas (mcf/d)	106,599	103,321	3
Total (boe/d)	176,013	167,764	5
Crude oil and NGLs (%)	90	90	—
Natural gas (%)	10	10	—
Total (%)	100	100	—

Production increased by 5 percent to 176,013 boe/d in 2017 from 167,764 boe/d in 2016, primarily due to the Company's successful capital development program and acquisitions, partially offset by natural declines and non-core dispositions.

The Company's weighting to crude oil and NGLs remained consistent with the comparative period.

#### Exhibit 1

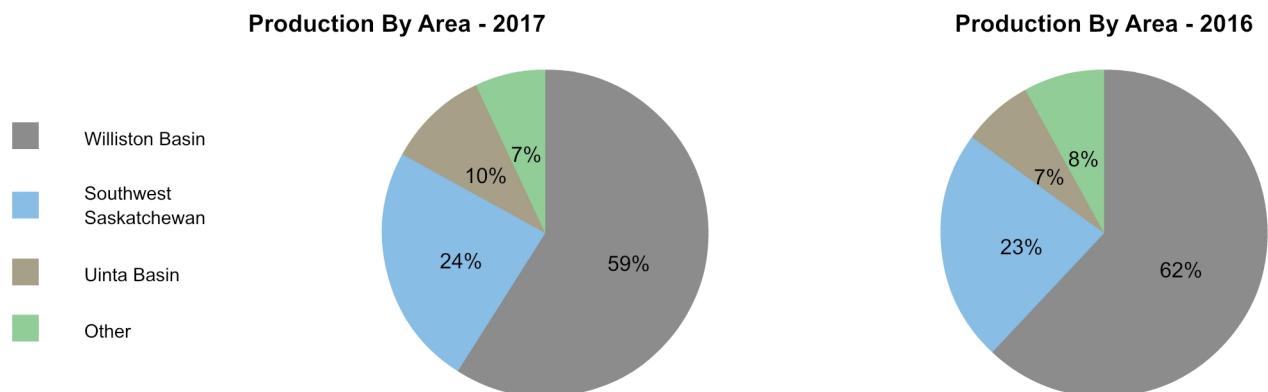


The following is a summary of Crescent Point's production by area:

Production By Area (boe/d)	2017	2016	% Change
Williston Basin	103,070	103,237	—
Southwest Saskatchewan	41,737	38,370	9
Uinta Basin	18,040	12,443	45
Other	13,166	13,714	(4)
Total	176,013	167,764	5

In the year ended December 31, 2017, the Company drilled 794 (649.1 net) wells, focused primarily in the Williston Basin, Southwest Saskatchewan and the Uinta Basin.

Exhibit 2



### Marketing and Prices

<b>Average Selling Prices <sup>(1)</sup></b>	<b>2017</b>	<b>2016</b>	<b>% Change</b>
Crude oil (\$/bbl)	<b>59.04</b>	48.46	22
NGLs (\$/bbl)	<b>27.82</b>	15.31	82
Natural gas (\$/mcf)	<b>2.60</b>	2.36	10
Total (\$/boe)	<b>51.41</b>	41.50	24

(1) The average selling prices reported are before realized derivatives and transportation.

<b>Benchmark Pricing</b>	<b>2017</b>	<b>2016</b>	<b>% Change</b>
<b>Crude Oil Prices</b>			
WTI crude oil (US\$/bbl) <sup>(1)</sup>	<b>50.95</b>	43.37	17
WTI crude oil (Cdn\$/bbl)	<b>66.08</b>	57.44	15
<b>Crude Oil Differential</b>			
LSB crude oil (Cdn\$/bbl) <sup>(2)</sup>	<b>(4.04)</b>	(5.89)	(31)
WCS crude oil (Cdn\$/bbl) <sup>(3)</sup>	<b>(15.56)</b>	(18.36)	(15)
Yellow wax crude oil (US\$/bbl) <sup>(4)</sup>	<b>(4.75)</b>	(4.75)	—
<b>Natural Gas Prices</b>			
AECO daily spot natural gas (Cdn\$/mcf) <sup>(5)</sup>	<b>2.15</b>	2.16	—
AECO monthly index natural gas (Cdn\$/mcf)	<b>2.42</b>	2.09	16
NYMEX natural gas (US\$/mmbtu) <sup>(6)</sup>	<b>3.11</b>	2.46	26
<b>Foreign Exchange Rate</b>			
Exchange rate (US\$/Cdn\$)	<b>0.771</b>	0.755	2

(1) WTI refers to the West Texas Intermediate crude oil price.

(2) LSB refers to the Light Sour Blend crude oil price.

(3) WCS refers to the Western Canadian Select crude oil price.

(4) Yellow wax crude oil differential is based on posted prices from a leading Salt Lake City refiner.

(5) AECO refers to the Alberta Energy Company natural gas price.

(6) NYMEX refers to the New York Mercantile Exchange natural gas price.

For the year ended December 31, 2017, the Company's average selling price for crude oil increased 22 percent from 2016, primarily as a result of a 17 percent increase in the US\$ WTI benchmark price and a narrower corporate oil price differential, partially offset by a stronger Canadian dollar. Crescent Point's corporate oil differential relative to Cdn\$ WTI for the year ended December 31, 2017 was \$7.04 per bbl compared to \$8.98 per bbl in 2016.

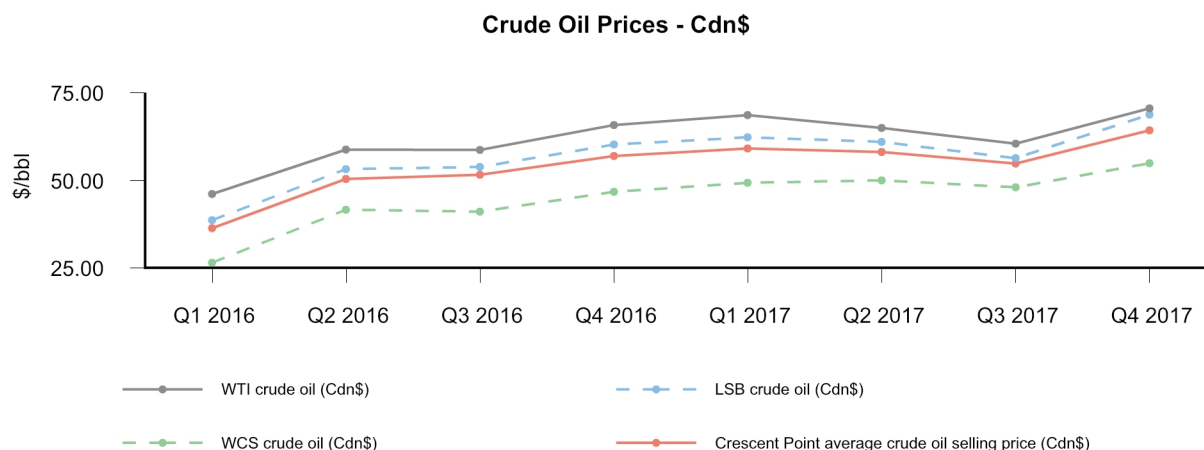
The Company's corporate oil differential for 2017 was primarily impacted by a narrowing of oil differentials. In 2017, the Cdn\$ WTI - LSB differential discount narrowed to average \$4.04 per bbl, a 31 percent decrease from 2016. The Cdn\$ WTI - WCS differential discount also narrowed to average \$15.56 per bbl in 2017, a 15 percent decrease from 2016. Light Sour Blend and Western Canadian Select differentials narrowed, in large part, due to the fire at the Syncrude Mildred Lake facility which impacted supply for oil. Western Canadian Select differentials also narrowed due to incremental heavy pipeline capacity that began July 2017.

A portion of the Company's production base in Southwest Saskatchewan, which is weighted to medium crude oil, is exposed to medium and heavy oil differentials and is typically sold at a premium to WCS prices. The Company's production base in the Uinta Basin, which exposes the Company to Yellow wax crude and Black wax crude oil differentials, is typically sold into the Salt Lake City refinery complex.

The Company's average selling price for NGLs in 2017 increased 82 percent from \$15.31 per bbl in 2016 to \$27.82 per bbl. Average selling prices for NGLs were impacted by the strengthening of propane, butane and condensate prices resulting from the increases in crude oil prices and offshore propane exports.

The Company's average selling price for natural gas in the year ended December 31, 2017 increased 10 percent from \$2.36 per mcf in 2016 to \$2.60 per mcf primarily as a result of the impact of NYMEX based pricing received on the Company's Utah and North Dakota gas production.

*Exhibit 3*



*Exhibit 4*

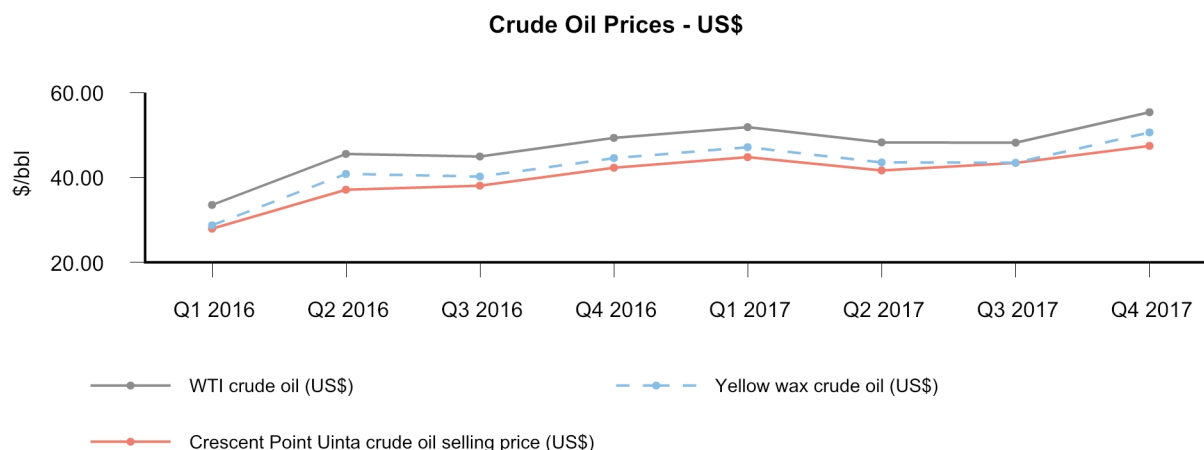


Exhibit 5

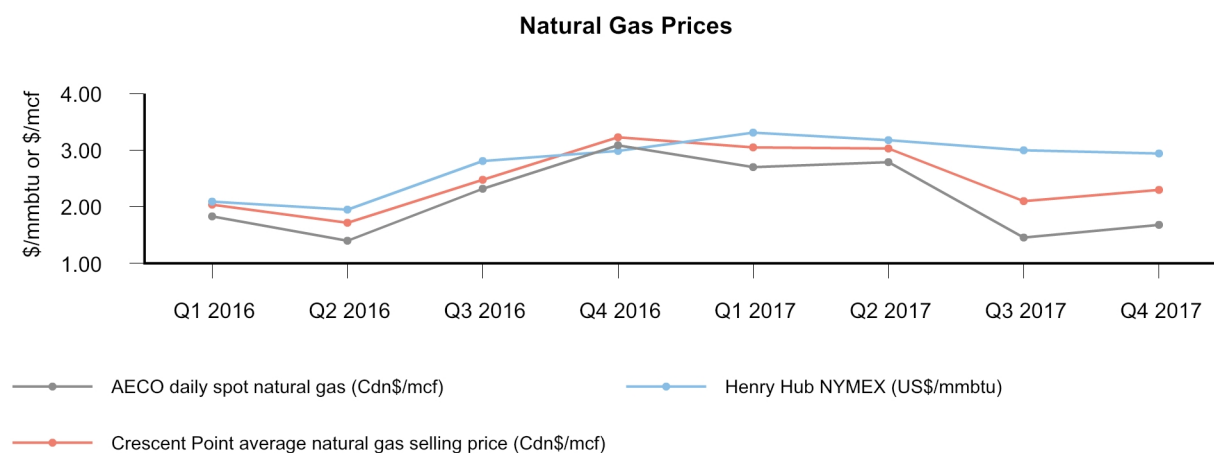
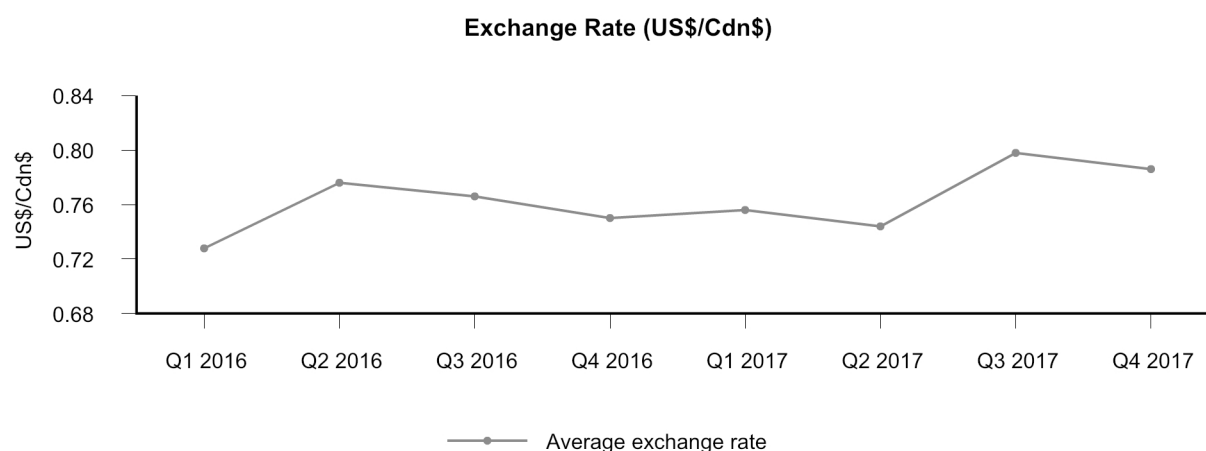


Exhibit 6



**Derivatives**

The following is a summary of the realized derivative gain on crude oil and natural gas derivative contracts:

(\$ millions, except volume amounts)	2017	2016	% Change
Average crude oil volumes hedged (bbls/d) <sup>(1)</sup>	57,196	52,615	9
Crude oil realized derivative gain <sup>(1)</sup>	89.5	448.5	(80)
per bbl	1.75	9.20	(81)
Average natural gas volumes hedged (GJ/d) <sup>(2)</sup>	41,356	39,781	4
Natural gas realized derivative gain	11.7	20.2	(42)
per mcf	0.30	0.53	(43)
Average barrels of oil equivalent hedged (boe/d) <sup>(1)</sup>	63,729	58,899	8
Total realized derivative gain <sup>(1)</sup>	101.2	468.7	(78)
per boe	1.58	7.63	(79)

(1) The crude oil realized derivative gain includes the realized derivative gains and losses on financial price differential contracts in the respective periods. The average crude oil volumes hedged and average barrels of oil equivalent hedged do not include the hedged volumes related to financial price differential contracts.

(2) GJ/d is defined as gigajoules per day.

Management of cash flow variability is an integral component of Crescent Point's business strategy. Crescent Point regularly monitors changing business and market conditions and reviews such conditions with the Board of Directors to establish risk management guidelines used by management in carrying out the Company's strategic risk management program. Crescent Point proactively manages the risk exposure inherent in movements in the price of crude oil, natural gas and power, and fluctuations in the US/Cdn dollar exchange rate and interest rates through the use of derivatives with investment-grade counterparties.

The Company's crude oil and natural gas derivatives are referenced to WTI and the AECO monthly index, respectively, unless otherwise noted. Crescent Point utilizes a variety of derivatives, including swaps, collars and put options to protect against downward commodity price movements while providing the opportunity for some upside participation during periods of rising prices. For commodities, Crescent Point's risk management program allows for hedging a forward profile of 3½ years and up to 65 percent of net royalty interest production, unless otherwise approved by the Board of Directors.

With the ongoing volatility of price differentials between WTI and western Canadian crude prices, Crescent Point also hedges price differentials as a part of its risk management program. The Company uses a combination of financial derivatives and fixed differential physical contracts to hedge these price differentials. For price differential hedging, Crescent Point's risk management program allows for hedging a forward profile of 3½ years, and up to 35 percent net of royalty interest production. In addition, the Company can deliver crude oil through its various rail terminals to provide access to diversified markets and pricing. See Note 24 - "Financial Instruments and Derivatives" in the annual consolidated financial statements for the year ended December 31, 2017 for additional information on the Company's derivatives.

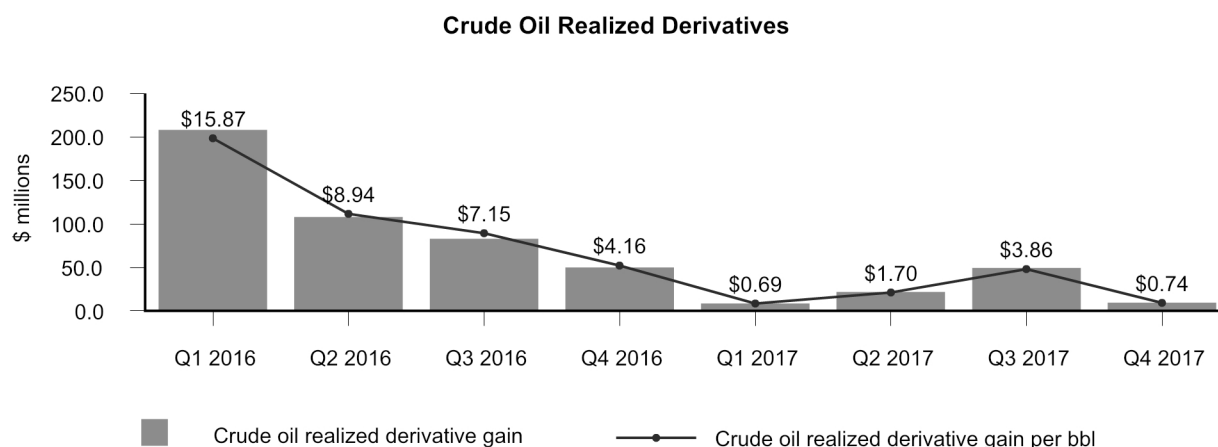
The Company recorded a total realized derivative gain of \$101.2 million for the year ended December 31, 2017, compared to \$468.7 million in 2016.

The Company's realized derivative gain for oil was \$89.5 million for the year ended December 31, 2017, compared to \$448.5 million in 2016. The decreased realized derivative gain in 2017 is largely attributable to the increase in the Cdn\$ WTI benchmark price and the decrease in the Company's average derivative oil price, partially offset by the increase in oil volumes hedged. The realized derivative gain in the year ended December 31, 2016 also included the \$42.0 million realized derivative gain from the unwind and settlement of a portion of the Company's 2017 and 2018 hedges. During the year ended December 31, 2017, the Company's average derivative oil price decreased by 10 percent, or \$8.18 per bbl, from \$78.55 per bbl in 2016 to \$70.37 per bbl in 2017.

Crescent Point's realized derivative gain for gas was \$11.7 million for the year ended December 31, 2017, compared to \$20.2 million in 2016. The decreased realized derivative gain in 2017 is largely attributable to the increase in the AECO monthly index price and the decrease in the Company's average derivative gas price, partially offset by the increase in gas volumes hedged. During the year ended December 31, 2017, the Company's average derivative gas price decreased by 9 percent, or \$0.31 per GJ, from \$3.40 per GJ in 2016 to \$3.09 per GJ in 2017.

The Company has not designated any of its risk management activities as accounting hedges under IFRS 9, *Financial Instruments* and, accordingly, has recorded its derivatives at fair value with changes in fair value recorded in net income.

#### Exhibit 7



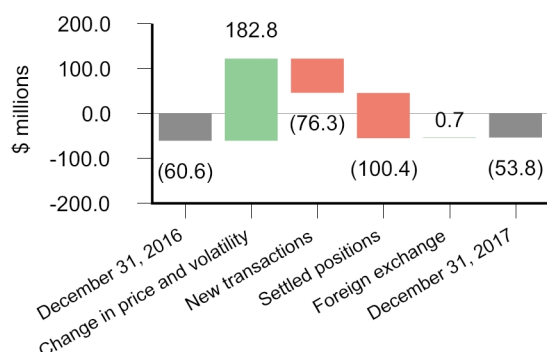
The following is a summary of the Company's unrealized derivative gains (losses):

(\$ millions)	2017	2016	% Change
Crude oil	(20.1)	(567.2)	(96)
Natural gas	25.6	(20.9)	(222)
Interest	7.4	2.5	196
Power	0.6	0.2	200
Cross currency	(175.3)	(120.4)	46
Foreign exchange	(1.8)	(1.0)	80
Total unrealized derivative losses	(163.6)	(706.8)	(77)

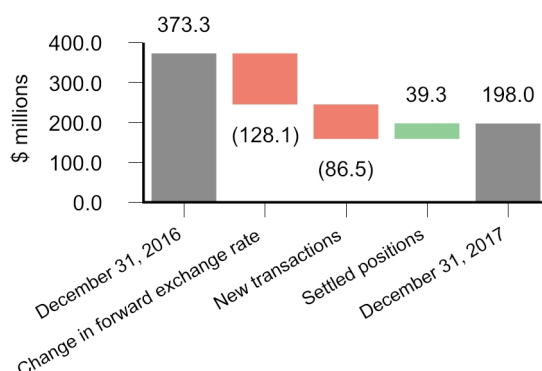
The Company recognized a total unrealized derivative loss of \$163.6 million for the year ended December 31, 2017 compared to \$706.8 million in 2016. The total unrealized derivative loss in 2017 is primarily due to the \$175.3 million unrealized derivative loss on Cross Currency Swaps ("CCS") compared to \$120.4 million in 2016. The unrealized CCS derivative loss for the year ended December 31, 2017 was primarily the result of the stronger forward Canadian dollar at December 31, 2017 compared to December 31, 2016. The unrealized CCS derivative loss for the year ended December 31, 2016 was primarily the result of the stronger forward Canadian dollar at December 31, 2016 compared to December 31, 2015.

#### Exhibit 8

**Change in Commodity Risk Management Net Liability (1)**  
December 31, 2016 to December 31, 2017



**Change in Cross Currency Risk Management Net Asset**  
December 31, 2016 to December 31, 2017



(1) Includes oil, gas and power contracts.

#### Revenues

(\$ millions) <sup>(1)</sup>	2017	2016	% Change
Crude oil sales	3,016.7	2,362.0	28
NGL sales	185.3	97.3	90
Natural gas sales	101.1	89.2	13
Total oil and gas sales	3,303.1	2,548.5	30

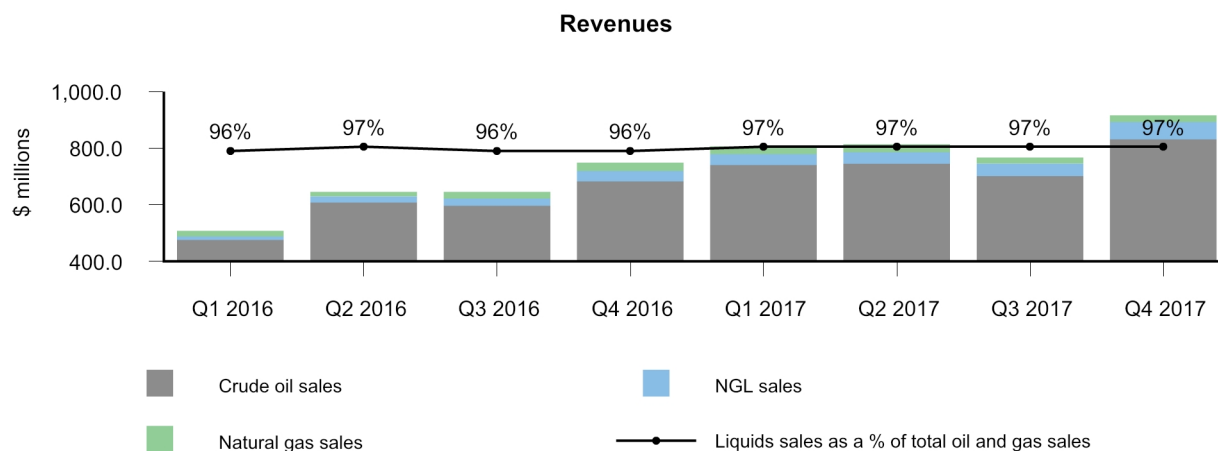
(1) Revenue is reported before realized derivatives.

Crude oil sales increased 28 percent in the year ended December 31, 2017, from \$2.36 billion in 2016 to \$3.02 billion in 2017, primarily due to the 22 percent increase in realized prices and the 5 percent increase in crude oil production. The increase in realized prices is largely a result of the 15 percent increase in the Cdn\$ WTI benchmark price as compared to 2016 and a narrower corporate oil differential. The increased production in 2017 is primarily due to the Company's successful capital development program.

NGL sales increased 90 percent in the year ended December 31, 2017 compared to 2016, primarily due to the 82 percent increase in realized NGL prices and the 5 percent increase in NGL production. Realized prices in 2017 were impacted by the strengthening of prices for propane, butane and condensate resulting from the increases in crude oil prices and offshore propane exports. The increased production in 2017 is primarily due to the Company's successful capital development program.

Natural gas sales increased 13 percent in the year ended December 31, 2017 compared to 2016, primarily due to the 10 percent increase in realized natural gas prices and the 3 percent increase in natural gas production. The increase in the realized natural gas price is largely due to the impact of NYMEX based pricing received on the Company's Utah and North Dakota gas production. The increased natural gas production is primarily due to the Company's successful capital development program.

Exhibit 9

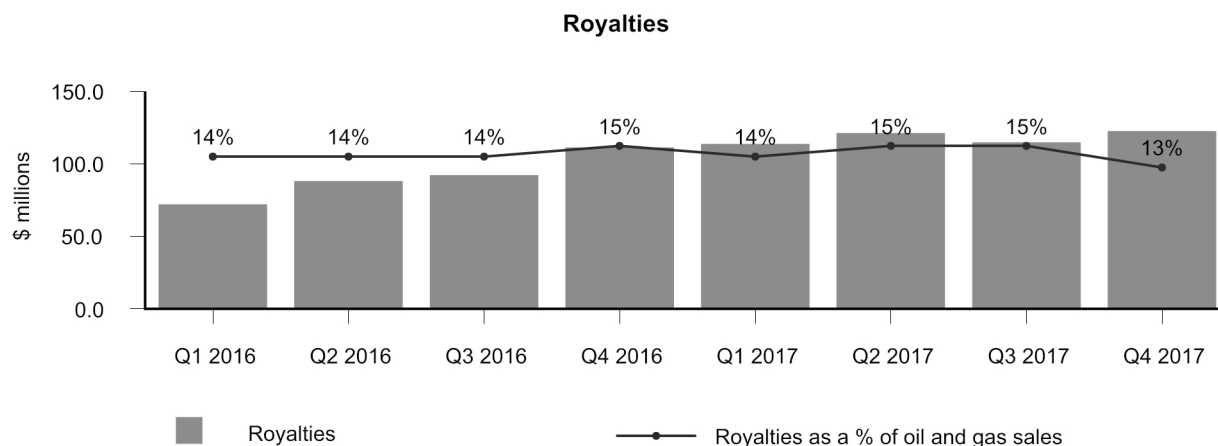


**Royalties**

(\$ millions, except % and per boe amounts)	2017	2016	% Change
Royalties	472.2	363.9	30
As a % of oil and gas sales	14	14	—
Per boe	7.35	5.93	24

Royalties increased 30 percent in the year ended December 31, 2017 compared to 2016 due to the 30 percent increase in oil and gas sales. Royalties as a percentage of sales for the year ended December 31, 2017 remained consistent with 2016.

Exhibit 10



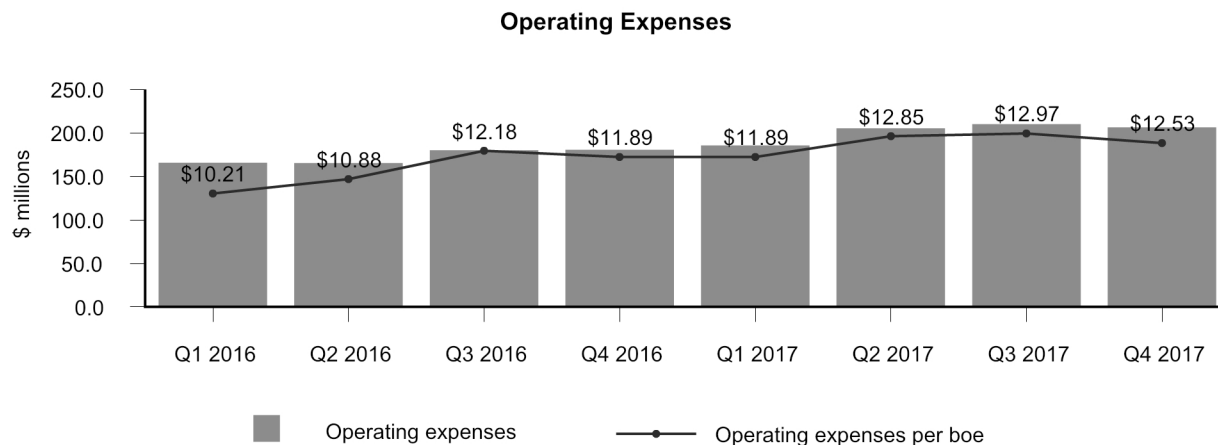
**Operating Expenses**

(\$ millions, except per boe amounts)	2017	2016	% Change
Operating expenses	807.2	691.9	17
Per boe	12.56	11.27	11

Operating expenses per boe increased 11 percent in the year ended December 31, 2017 compared to 2016, primarily due to favorable prior period adjustments in 2016 related to utility costs and property taxes and unfavorable prior period adjustments in 2017 related to processing fees. Maintenance activity levels in 2017 also increased compared to 2016 as the Company reduced activity levels in 2016 in response to weak commodity prices. In addition, expenses in 2017 were higher due to the increases in Saskatchewan power rates and provincial sales tax as a result of the Saskatchewan government's efforts to balance the provincial budget.

Operating expenses increased 17 percent in the year ended December 31, 2017 compared to 2016, primarily due the increase in per boe operating expenses as noted above and higher production volumes.

Exhibit 11



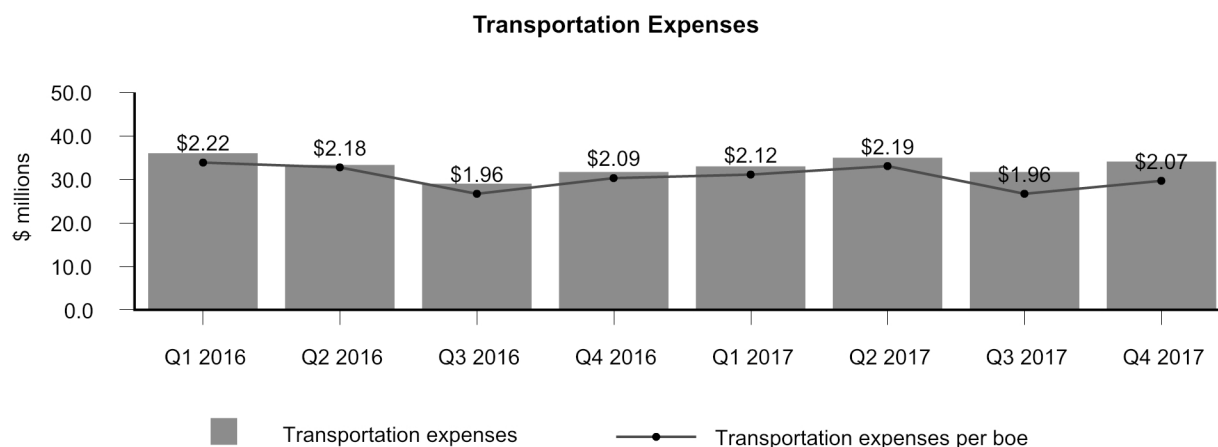
### Transportation Expenses

(\$ millions, except per boe amounts)	2017	2016	% Change
Transportation expenses	133.8	130.0	3
Per boe	2.08	2.12	(2)

Transportation expenses per boe decreased 2 percent in the year ended December 31, 2017 compared to 2016. The decrease was primarily due to the decrease in pipeline tariff rates.

Transportation expenses increased 3 percent in the year ended December 31, 2017 compared to 2016, primarily due to higher production volumes, partially offset by the decrease in per boe transportation expenses as noted above.

Exhibit 12



## Netback

	2017	2016	
	Total <sup>(2)</sup>	Total <sup>(2)</sup>	% Change
	(\$/boe)	(\$/boe)	
Average selling price	51.41	41.50	24
Royalties	(7.35)	(5.93)	24
Operating expenses	(12.56)	(11.27)	11
Transportation expenses	(2.08)	(2.12)	(2)
Netback prior to realized derivatives	29.42	22.18	33
Realized gain on derivatives	1.58	7.63	(79)
Netback <sup>(1)</sup>	31.00	29.81	4

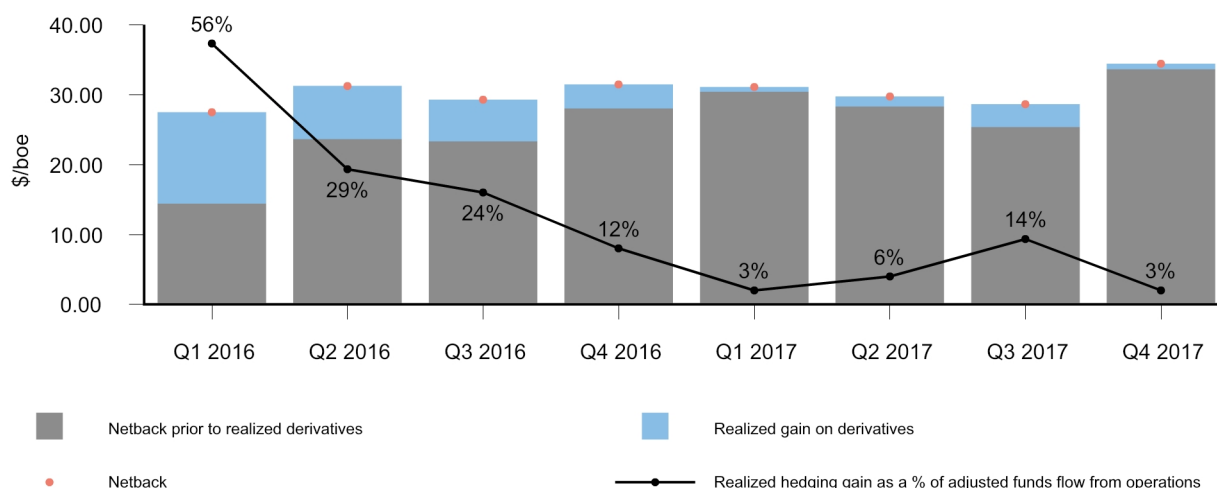
(1) Non-GAAP financial measure that does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable with the calculation of similar measures presented by other entities. Refer to the Non-GAAP Financial Measures section in this MD&A for further information.

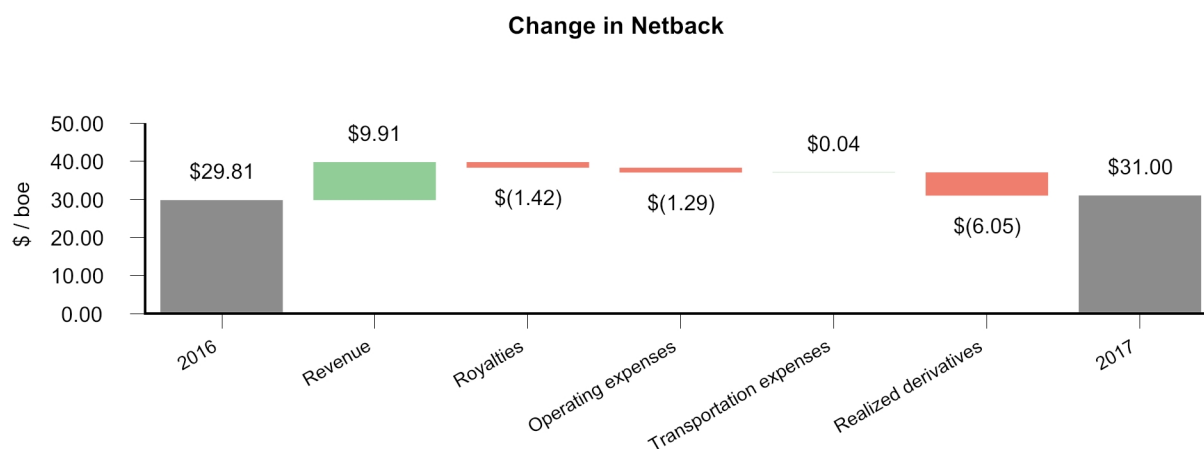
(2) The dominant production category for the Company's properties is crude oil. These properties include associated natural gas and NGL volumes, therefore, the total netback has been presented.

The Company's netback for the year ended December 31, 2017 increased 4 percent to \$31.00 per boe from \$29.81 per boe in 2016. The increase in the Company's netback is primarily the result of the increase in average selling price largely due to the increase in the Cdn\$ WTI benchmark price and a narrower corporate oil differential, and the decrease in transportation expenses, partially offset by the decrease in realized gain on derivatives and the increases in royalties and operating expenses.

### Exhibit 13

Netback prior to and after Realized Derivatives





### General and Administrative Expenses

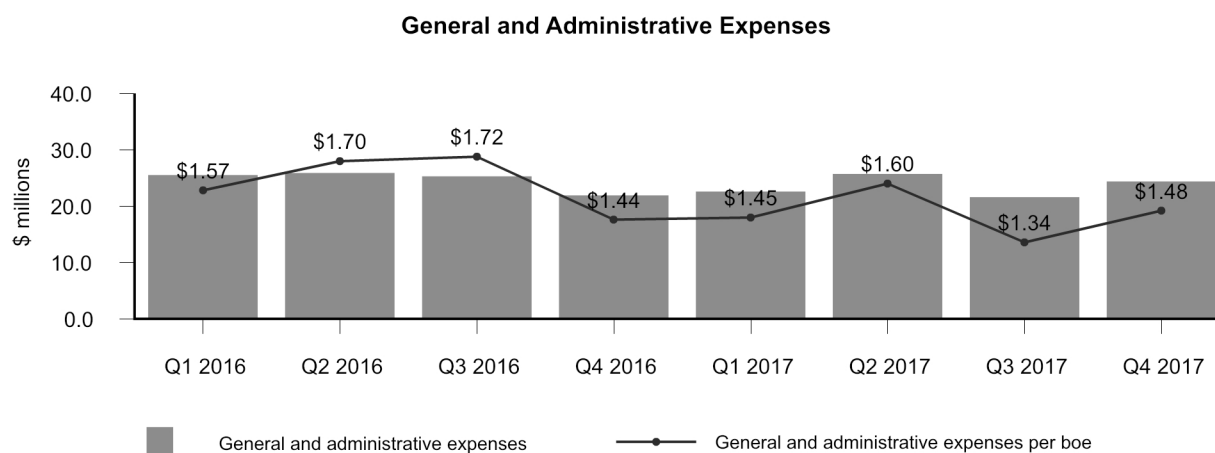
(\$ millions, except per boe amounts)	2017	2016	% Change
General and administrative costs	136.4	134.5	1
Capitalized	(38.4)	(33.6)	14
Total general and administrative expenses	98.0	100.9	(3)
Transaction costs	(3.7)	(2.3)	61
General and administrative expenses	94.3	98.6	(4)
Per boe	1.47	1.61	(9)

General and administrative expenses decreased 4 percent in the year ended December 31, 2017 compared to 2016, primarily due to the increase in overhead recoveries from partners associated with higher capital spending.

General and administrative expenses per boe decreased 9 percent in the year ended December 31, 2017 compared to 2016. The decrease is due to the decrease in general and administrative expenses as noted above and the increase in production volumes.

Transaction costs incurred in the year ended December 31, 2017 relate primarily to minor property acquisitions and dispositions. Refer to the Capital Acquisitions section in this MD&A for further information.

Exhibit 15



## Interest Expense

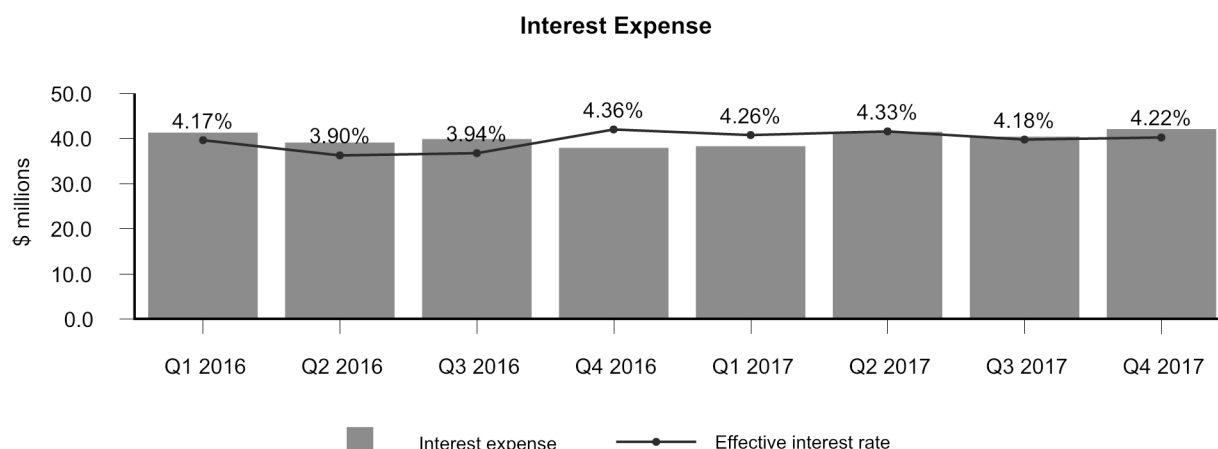
(\$ millions, except per boe amounts)	2017	2016	% Change
Interest expense	<b>162.3</b>	158.2	3
Per boe	<b>2.53</b>	2.58	(2)

In the year ended December 31, 2017, interest expense increased 3 percent compared to 2016, primarily due to a higher effective interest rate, partially offset by the Company's lower average debt balance. Interest expense per boe decreased 2 percent primarily due to the increase in production volumes.

The Company's effective interest rate in the year ended December 31, 2017 increased to 4.25 percent from 4.08 percent. The increase relates to the increase in underlying market interest rates on floating rate debt.

Crescent Point actively manages interest rate exposure through a combination of interest rate swaps and a debt portfolio including short-term floating rate bank debt and long-term fixed rate senior guaranteed notes. At December 31, 2017, 54 percent of the Company's long-term debt, including the impact of CCS and the foreign exchange swap on its US dollar senior guaranteed notes, had fixed interest rates.

### Exhibit 16



## Foreign Exchange Gain

(\$ millions)	2017	2016	% Change
Realized gain (loss)			
CCS - US dollar long-term debt maturities and interest payments	<b>(39.3)</b>	57.7	(168)
US dollar long-term debt maturities	<b>54.6</b>	(52.4)	(204)
Other	<b>(0.6)</b>	(2.5)	(76)
Unrealized gain (loss)			
Translation of US dollar long-term debt	<b>201.2</b>	128.0	57
Other	<b>(0.2)</b>	0.5	(140)
Foreign exchange gain	<b>215.7</b>	131.3	64

The Company has US dollar denominated debt, including LIBOR loans under its bank credit facilities and US dollar senior guaranteed notes. Concurrent with the drawdown of US\$1.73 billion of LIBOR loans and the issuance of US\$1.36 billion senior guaranteed notes, the Company entered into various CCS to hedge its foreign exchange exposure. Under the terms of the CCS, the US dollar amounts of the LIBOR loans and senior guaranteed notes were fixed for purposes of interest and principal repayments at notional amounts of \$2.21 billion and \$1.44 billion, respectively. Concurrent with the issuance of US\$30.0 million senior guaranteed notes, the Company entered a foreign exchange swap which fixed the principal repayment at a notional amount of \$32.2 million. The unrealized derivative gains and losses on the CCS and foreign exchange swap are recognized in derivative gains and losses. Refer to the Derivatives section in this MD&A for further information.

The Company records unrealized foreign exchange gains or losses on the translation of the US dollar long-term debt and related accrued interest. During the year ended December 31, 2017, the Company recorded an unrealized foreign exchange gain of \$201.2 million on the translation of US dollar long-term debt and accrued interest compared to an unrealized gain of \$128.0 million in 2016. The unrealized foreign exchange gain from the translation of US dollar long-term debt and accrued interest for the year ended December 31, 2017 is attributable to a stronger Canadian dollar at December 31, 2017 as compared to December 31, 2016.

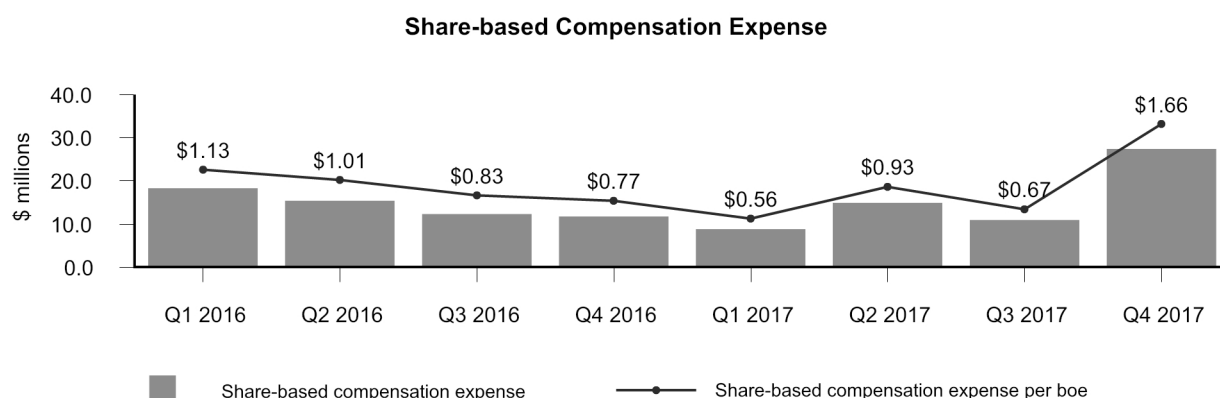
## Share-based Compensation Expense

(\$ millions, except per boe amounts)	2017	2016	% Change
Share-based compensation costs	74.0	72.0	3
Capitalized	(12.0)	(14.3)	(16)
Share-based compensation expense	62.0	57.7	7
Per boe	0.97	0.94	3

During the year ended December 31, 2017, the Company recorded share-based compensation costs of \$74.0 million, an increase of 3 percent from 2016. The increase was primarily due to the increase in expenses associated with base compensation, partially offset by the decrease in expenses associated with incentive awards as a result of the decreases in the Company's share price and the number of incentive awards granted.

During the year ended December 31, 2017, the Company capitalized share-based compensation costs of \$12.0 million, a decrease of 16 percent from 2016. The decrease was primarily due to the decrease in expenses associated with incentive related awards as a result of the decreases in the Company's share price and the number of incentive awards granted.

Exhibit 17



## Restricted Share Bonus Plan

The Company has a Restricted Share Bonus Plan pursuant to which the Company may grant restricted shares to directors, officers, employees and consultants. The restricted shares vest on terms up to three years from the grant date as determined by the Board of Directors.

Under the Restricted Share Bonus Plan at December 31, 2017, the Company is authorized to issue up to 12,613,659 common shares (December 31, 2016 - 16,665,451 common shares). The Company had 3,589,024 restricted shares outstanding at December 31, 2017 (December 31, 2016 - 5,188,358 restricted shares outstanding).

As of the date of this report, the Company had 3,783,992 restricted shares outstanding.

## Performance Share Unit Plan

In April 2017, the Company approved a Performance Share Unit ("PSU") Plan for designated employees. The PSUs vest on terms up to three years from the grant date as determined by the Board of Directors. PSUs are settled in cash upon vesting based on the prevailing Crescent Point share price, accrued dividends and the performance multipliers. Based on underlying units prior to any effect of the performance multiplier, the Company had 4,460,046 PSUs outstanding at December 31, 2017 (December 31, 2016 - nil PSUs outstanding).

As of the date of this report, the Company had 5,605,391 PSUs outstanding based on underlying units prior to any effect of the performance multiplier.

## Deferred Share Unit Plan

The Company has a Deferred Share Unit ("DSU") Plan for directors. Each DSU vests on the date of the grant, however, the settlement of the DSU occurs following a change of control or when the individual ceases to be a director of the Company. Deferred Share Units are settled in cash based on the prevailing Crescent Point share price. The Company had 229,470 DSUs outstanding at December 31, 2017 (December 31, 2016 - 204,653 DSUs outstanding).

As of the date of this report, the Company had 236,251 DSUs outstanding.

## Depletion, Depreciation, Amortization and Impairment

(\$ millions, except per boe amounts)	2017	2016	% Change
Depletion and depreciation	1,403.5	1,436.2	(2)
Amortization of E&E undeveloped land	134.3	172.5	(22)
Depletion, depreciation and amortization	1,537.8	1,608.7	(4)
Impairment	203.6	611.4	(67)
Depletion, depreciation, amortization and impairment	1,741.4	2,220.1	(22)
Per boe, before impairment	23.94	26.20	(9)
Per boe	27.11	36.16	(25)

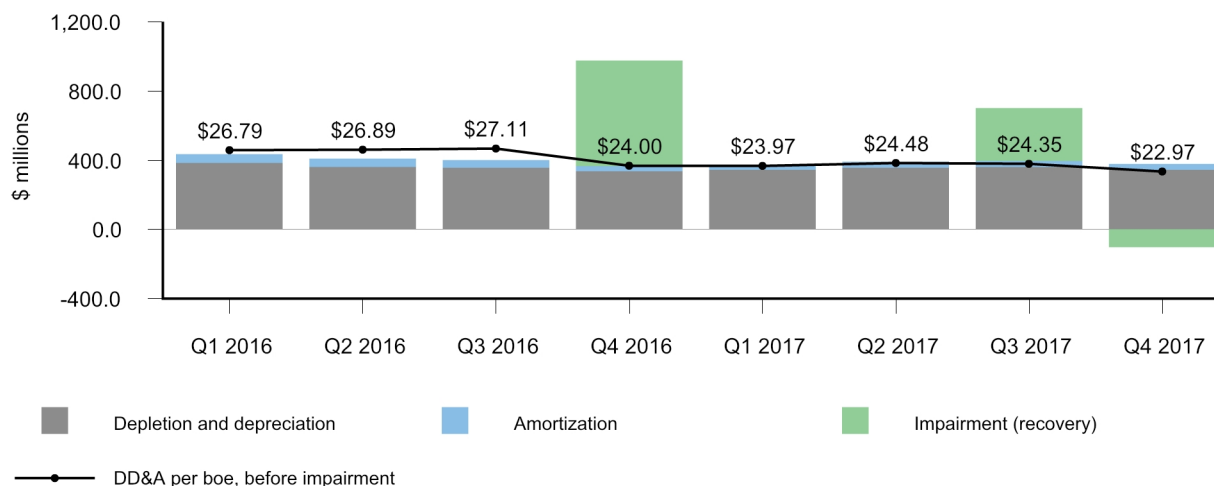
The Company's depletion, depreciation and amortization ("DD&A") rate before impairment decreased 9 percent to \$23.94 per boe for the year ended December 31, 2017 from \$26.20 per boe in 2016. This decrease is primarily due to net impairment expense of \$611.4 million recorded during the year ended December 31, 2016, reserve additions and a reduction to the amortization of exploration and evaluation ("E&E") undeveloped land. The decrease in amortization of E&E undeveloped land relates to the regular transfers of land to property, plant and equipment ("PP&E") upon determination of reserves and the increasing balance of undeveloped land fully amortized over its average primary lease term.

During the year ended December 31, 2017, the Company recorded impairment expense, net of recoveries, of \$203.6 million. The impairments of \$555.4 million in the Southeast Saskatchewan, Southwest Saskatchewan and Southern Alberta cash-generating units ("CGUs") were largely a result of the decrease in near-term forecast benchmark commodity prices and the increase in the discount rate reflecting the Company's higher weighted average cost of capital at December 31, 2017 compared to December 31, 2016, partially offset by the positive impact of technical and development reserve additions. The recoveries of \$351.8 million in the Northern U.S. and Utah CGUs were largely a result of the positive impact of technical and development reserve additions, partially offset by the decrease in near-term forecast benchmark commodity prices and the increase in discount rate at December 31, 2017 compared to December 31, 2016.

Any PP&E impairment recorded is recoverable to its original value less any associated DD&A expense should there be indicators that the recoverable amount of PP&E has increased in value since the impairment expense was recorded.

### Exhibit 18

#### Depletion, Depreciation, Amortization and Impairment



## Other Income (Loss)

The Company recorded other income of \$27.8 million in the year ended December 31, 2017, compared to other losses of \$6.6 million in 2016. Other income in the year ended December 31, 2017 is comprised primarily of gains on capital dispositions, partially offset by unrealized losses on long-term investments. The other losses in the year ended December 31, 2016 were comprised primarily of losses on capital dispositions, partially offset by net unrealized gains on long-term investments.

## Taxes

(\$ millions)	2017	2016	% Change
Current tax expense (recovery)	(1.7)	0.2	(950)
Deferred tax expense (recovery)	102.1	(381.3)	(127)

### Current Tax Expense (Recovery)

In the year ended December 31, 2017, the Company recorded a current tax recovery of \$1.7 million compared to a current tax expense of \$0.2 million in 2016. The current tax recovery of \$1.7 million in the year ended December 31, 2017 is primarily comprised of investment tax credits earned through research and development expenditures on drilling and development activities. Refer to the Company's December 31, 2017 Annual Information Form for information on the Company's expected tax horizon.

### Deferred Tax Expense (Recovery)

In the year ended December 31, 2017, the Company recorded a deferred tax expense of \$102.1 million compared to a deferred tax recovery of \$381.3 million in 2016. The deferred tax expense in the year ended December 31, 2017 is primarily due to the impact of the decrease in the U.S. federal corporate tax rate.

On December 22, 2017, the United States government enacted the Tax Cuts and Jobs Act, significantly amending U.S. federal income tax provisions which apply to Crescent Point's U.S. subsidiary, Crescent Point Energy U.S. Corp. ("CPEUS"). The most significant change impacting CPEUS is the reduction in the federal corporate income tax rate from 35% to 21%, effective January 1, 2018, resulting in the deferred income tax charge described above. The other changes to the tax legislation that may impact CPEUS include amendments to the loss utilization rules, interest deductibility rules, and base erosion minimum tax. Crescent Point does not currently expect these other amendments to materially impact the Company's ongoing provision for income taxes but the impact of the legislation could differ from expectations, due to, among other things, changes in interpretations or assumptions or the announcement of any additional regulations or guidance relating to the legislation.

The Company recognized a \$107.5 million decrease to its deferred tax asset as a result of the U.S. tax rate reduction, with a corresponding increase in its deferred tax expense. The change in the deferred tax asset does not impact adjusted funds flow from operations for the Company in the 2017 fiscal year and does not impact the timeframe when the deferred tax asset is expected to be utilized. The deferred tax expense also reflects the benefit from the decrease to the Saskatchewan corporate tax rate during the last six months of the year from 12% to 11.5%, as well as a benefit associated with a change in estimated future usable tax pools.

The deferred tax recovery of \$381.3 million in the year ended December 31, 2016 relates primarily to the net loss before tax and a change in estimate regarding future usable U.S. tax pools.

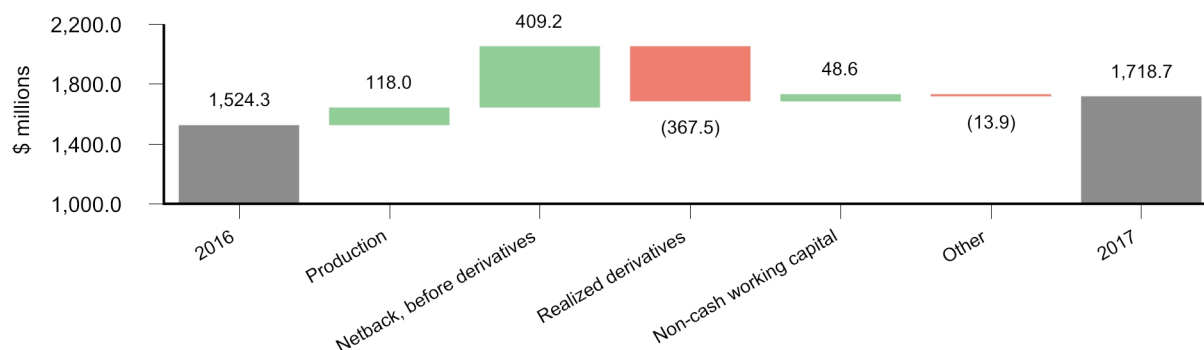
### Cash Flow from Operating Activities, Adjusted Funds Flow from Operations, Net Income (Loss) and Adjusted Net Earnings from Operations

(\$ millions, except per share amounts)	2017	2016	% Change
Cash flow from operating activities	1,718.7	1,524.3	13
Adjusted funds flow from operations <sup>(1)</sup>	1,728.8	1,572.5	10
Net income (loss)	(124.0)	(932.7)	(87)
Net income (loss) per share - diluted	(0.23)	(1.81)	(87)
Adjusted net earnings from operations <sup>(1)</sup>	100.0	88.5	13
Adjusted net earnings from operations per share - diluted <sup>(1)</sup>	0.18	0.17	6

(1) Non-GAAP financial measure that does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable with the calculation of similar measures presented by other entities. Refer to the Non-GAAP Financial Measures section in this MD&A for further information.

Cash flow from operating activities increased 13 percent to \$1.72 billion in the year ended December 31, 2017, compared to \$1.52 billion in 2016, due to the changes in adjusted funds flow from operations and fluctuations in working capital, transaction costs and decommissioning expenditures.

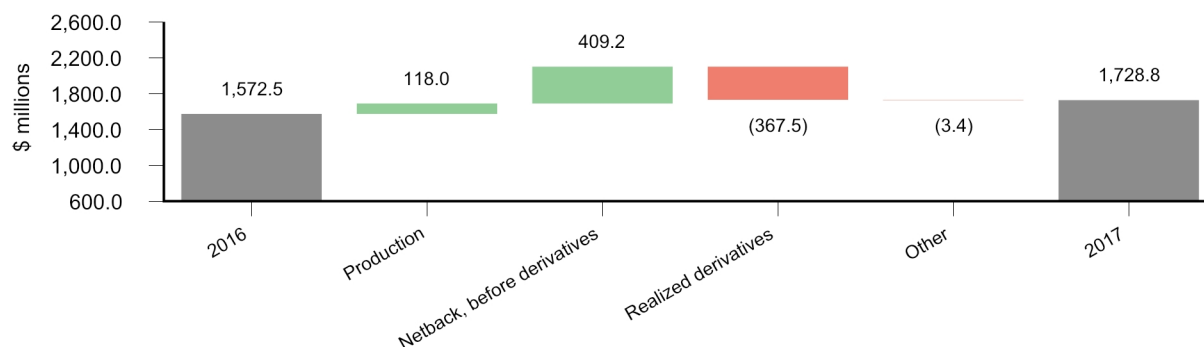
### Change in Cash Flow from Operating Activities



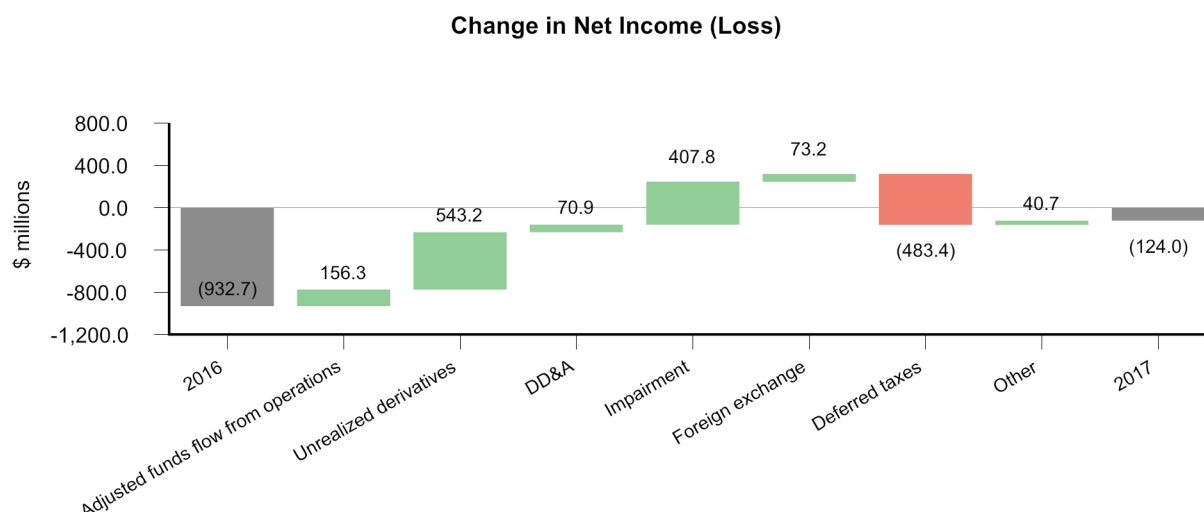
Adjusted funds flow from operations increased to \$1.73 billion in the year ended December 31, 2017 from \$1.57 billion in 2016. The increase is primarily the result of the increases in the Cdn\$ WTI benchmark price and production volumes and a narrower corporate oil differential, partially offset by the decrease in realized hedging gains and the increases in operating expenses and royalties.

## Exhibit 20

### Change in Adjusted Funds Flow from Operations



The Company reported a net loss of \$124.0 million in the year ended December 31, 2017, compared to a net loss of \$932.7 million in 2016, primarily as a result of the decreases in unrealized derivative loss, net impairment expense and depletion, depreciation and amortization and the increases in adjusted funds flow from operations and foreign exchange gain on long-term debt, partially offset by the fluctuations in deferred taxes. Net loss per share - diluted decreased to \$0.23 per share in 2017, compared to \$1.81 in 2016, due to the same reasons discussed above.



The Company reported adjusted net earnings from operations of \$100.0 million in the year ended December 31, 2017 compared to \$88.5 million in 2016, primarily as a result of the increase in adjusted funds flow from operations and the decrease in depletion expense, partially offset by fluctuations in deferred taxes and the foreign exchange on translation of unhedged US dollar long-term debt in 2016. Adjusted net earnings from operations per share - diluted increased 6 percent to \$0.18 in 2017 compared to 2016, primarily due to the same reasons discussed above and the impact of shares issued through the September 2016 equity offering.

As noted in the Derivatives section, the Company has not designated any of its risk management activities as accounting hedges under IFRS 9, *Financial Instruments*, and, accordingly, has recorded its derivatives at fair value with changes in fair value recorded in net income.

Crescent Point uses financial commodity derivatives, including swaps, collars and put options, to reduce the volatility of the selling price of its crude oil and natural gas production. This provides a measure of stability to the Company's cash flow and the ability to fund dividends over time. The Company's commodity derivatives portfolio can extend out over 3½ years from the current quarter.

IFRS 9, *Financial Instruments*, gives guidelines for accounting for financial derivatives not designated as accounting hedges. Financial derivatives that have not settled during the current quarter are fair valued. The change in fair value from the previous quarter represents a gain or loss that is recorded in net income. As such, if benchmark oil and natural gas prices rise during the quarter, the Company records a loss based on the change in price multiplied by the volume of oil and natural gas hedged. If prices fall during the quarter, the Company records a gain. The prices used to record the actual gain or loss are subject to an adjustment for volatility and the resulting gain (asset) or loss (liability) is discounted to a present value using a risk free rate adjusted for counterparty credit risk.

Crescent Point's underlying physical reserves are not fair valued each quarter, hence no gain or loss associated with price changes is recorded; the Company realizes the benefit/detriment of any price increase/decrease in the period in which the physical sales occur.

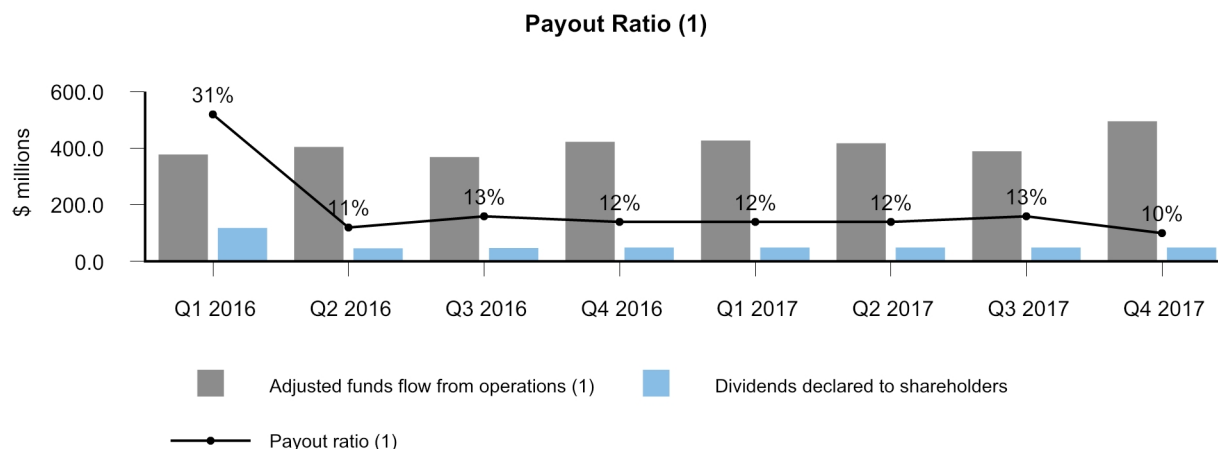
The Company's financial results should be viewed with the understanding that the estimated future gain or loss on financial derivatives is recorded in the current period's results, while the estimated future value of the underlying physical sales is not.

## Dividends

The following table provides a reconciliation of dividends:

(\$ millions, except per share amounts)	2017	2016	% Change
Accumulated dividends, beginning of year	7,210.9	6,950.6	4
Dividends declared to shareholders	197.7	260.3	(24)
Accumulated dividends, end of year	7,408.6	7,210.9	3
Accumulated dividends per share, beginning of year	31.44	30.94	2
Dividends declared to shareholders per share	0.36	0.50	(28)
Accumulated dividends per share, end of year	31.80	31.44	1

Dividends decreased 24 percent in the year ended December 31, 2017 compared to 2016. The decrease in dividends relates primarily to the reduction in the dividends declared to shareholders to \$0.36 per share in the year ended December 31, 2017 from \$0.50 per share in 2016.



(1) Non-GAAP financial measure that does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable with the calculation of similar measures presented by other entities. Refer to the Non-GAAP Financial Measures section in this MD&A for further information.

## Long-Term Investments

### Public Companies

The Company holds common shares in publicly traded oil and gas companies. The investments are classified as financial assets at fair value through profit or loss and are fair valued each period with the resulting gain or loss recorded in net income. At December 31, 2017, the investments are recorded at a fair value of \$65.1 million which is \$14.4 million more than the original cost of the investments.

### Private Company

The Company holds common shares in a private oil and gas company. The investment is classified as financial assets at fair value through profit or loss and is fair valued each period with the resulting gain or loss recorded in net income. At December 31, 2017, the investment is recorded at a fair value of \$7.5 million which is \$17.5 million less than the original cost of the investment.

### Other Long-Term Assets

At December 31, 2017, other long-term assets consist of \$18.7 million related to the reclamation fund and \$15.8 million of investment tax credits.

The reclamation fund decreased by \$4.0 million during 2017 due to expenditures of \$26.5 million, partially offset by \$22.5 million of contributions. The expenditures included \$25.1 million related primarily to decommissioning work completed in Saskatchewan, the United States and Alberta and \$1.4 million related to climate change initiatives.

### Related Party Transactions

All related party transactions are recorded at the exchange amount.

During the year ended December 31, 2017, Crescent Point recorded \$12.9 million (year ended December 31, 2016 - \$6.2 million) of expenditures in the normal course of business to an oilfield services company of which a director of Crescent Point is a director and officer. The oilfield services company is one of only a few specialized service providers in their area of expertise with capacity and geographical presence to meet the Company's needs. The service company was selected, along with a few other key vendors, to provide goods and services as part of a comprehensive and competitive request for proposal process with key factors of its success being the unique nature of proprietary products, the ability to service specific geographic regions, proven safety performance and/or competitive pricing.

Key management personnel of the Company consists of its directors and executive officers. In addition to the directors fees and salaries paid to the directors and officers, respectively, the directors participate in the Restricted Share Bonus Plan and DSU Plan and the officers participate in the Restricted Share Bonus Plan and PSU Plan. The compensation relating to key management personnel for the year ended December 31, 2017 recorded as general and administrative expenses was \$7.5 million (year ended December 31, 2016 - \$9.1 million) and share-based compensation costs were \$21.7 million (year ended December 31, 2016 - \$20.9 million).

## Capital Expenditures

(\$ millions)	2017	2016	% Change
Capital acquisitions (net) <sup>(1)</sup>	1.8	226.5	(99)
Development capital expenditures	1,812.1	1,138.9	59
Capitalized administration <sup>(2)</sup>	38.4	33.6	14
Office equipment	4.2	0.9	367
Total	1,856.5	1,399.9	33

(1) Capital acquisitions represent total consideration for the transactions including net debt and excludes transaction costs.

(2) Capitalized administration excludes capitalized share-based compensation.

## Capital Acquisitions

### Minor Property Acquisitions and Dispositions

Crescent Point completed minor property acquisitions and dispositions during the year ended December 31, 2017 (\$112.5 million net disposed PP&E, including \$41.4 million related to net disposed decommissioning liability, and \$104.0 million net acquired E&E assets). These minor property acquisitions and dispositions were completed with full tax pools and no working capital items.

### Development Capital Expenditures

The Company's development capital expenditures in the year ended December 31, 2017 were \$1.81 billion, compared to \$1.14 billion in 2016. In 2017, 794 (649.1 net) wells were drilled with a success rate of 99.9 percent. The development capital for the year ended December 31, 2017 included \$359.8 million on facilities, land and seismic.

Crescent Point's budgeted capital program for 2018 is \$1.80 billion, before net land and property acquisitions.

### Goodwill

The Company's goodwill balance as at December 31, 2017 was \$251.9 million which is unchanged from December 31, 2016. The goodwill balance is attributable to the corporate acquisitions completed during the period 2003 through 2012.

### Other Current Liabilities

At December 31, 2017, other current liabilities consist of \$17.7 million related to the current portion of long-term compensation liability related to the PSU Plan, \$3.4 million related to a lease inducement, \$2.9 million related to the estimated unrecoverable portion of building leases and \$33.7 million related to decommissioning liability.

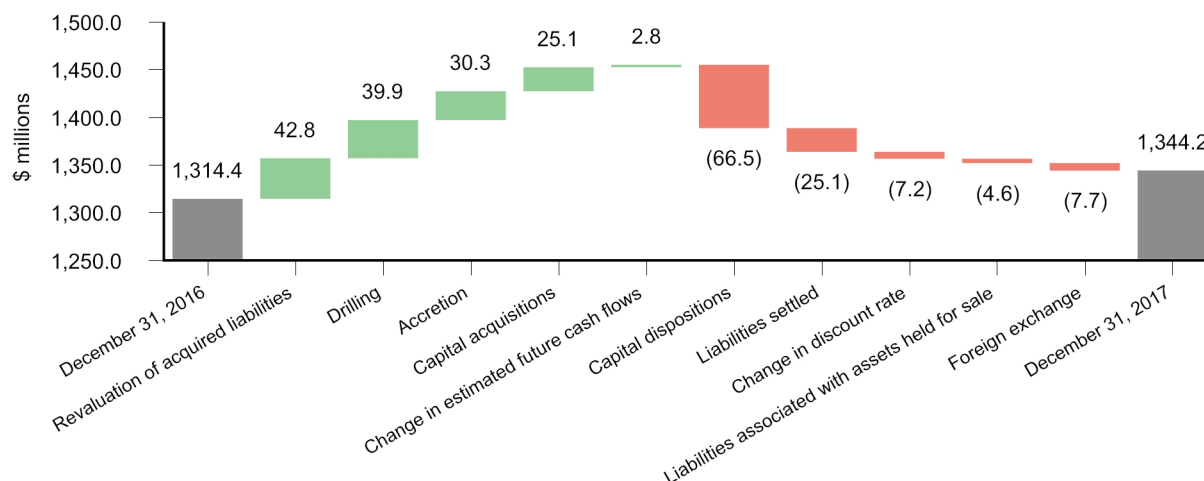
### Other Long-Term Liabilities

At December 31, 2017, other long-term liabilities consist of \$5.2 million of long-term compensation liability related to the PSU and DSU Plans, \$40.0 million related to a lease inducement and \$8.8 million related to the estimated unrecoverable portion of building leases. The Company's lease inducement is associated with the building lease for Crescent Point's corporate office. This non-cash liability is amortized on a straight-line basis over the term of the lease to June 2030.

### Decommissioning Liability

The decommissioning liability increased by \$29.8 million during 2017 from \$1.31 billion at December 31, 2016 to \$1.34 billion at December 31, 2017. The increase relates to \$42.8 million due to the revaluation of acquired liabilities, \$39.9 million in respect of drilling, \$30.3 million of accretion expense, \$25.1 million as a result of capital acquisitions and \$2.8 million change in estimated future cash flows, partially offset by \$66.5 million as a result of capital dispositions, \$25.1 million for liabilities settled, \$7.2 million change in estimate pertaining to discount rates, \$4.6 million reclassified as liabilities associated with assets held for sale and \$7.7 million related to foreign exchange.

**Change in Decommissioning Liability  
December 31, 2016 to December 31, 2017**



### Liquidity and Capital Resources

<b>Capitalization Table</b> (\$ millions, except share, per share, ratio and percent amounts)		
	<b>December 31, 2017</b>	December 31, 2016
Net debt <sup>(1)</sup>	<b>4,024.9</b>	3,677.1
Shares outstanding	<b>545,794,384</b>	541,742,592
Market price at end of year (per share)	<b>9.58</b>	18.25
Market capitalization <sup>(1)</sup>	<b>5,228.7</b>	9,886.8
Enterprise value <sup>(1)</sup>	<b>9,253.6</b>	13,563.9
Net debt as a percentage of enterprise value	<b>43</b>	27
Adjusted funds flow from operations <sup>(1)(2)</sup>	<b>1,728.8</b>	1,572.5
Net debt to adjusted funds flow from operations <sup>(1)(3)</sup>	<b>2.3</b>	2.3

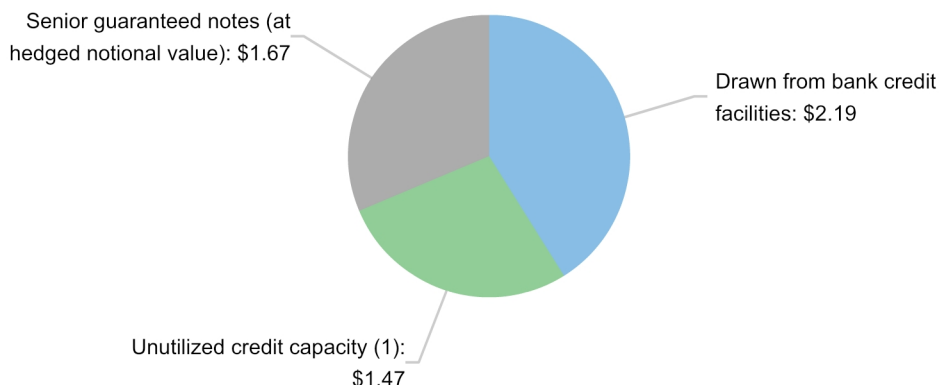
(1) Non-GAAP financial measure that does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable with the calculation of similar measures presented by other entities. Refer to the Non-GAAP Financial Measures section in this MD&A for further information.

(2) The sum of adjusted funds flow from operations for the trailing four quarters.

(3) Net debt reflects the financing of acquisitions, however, the adjusted funds flow from operations only reflects adjusted funds flow from operations generated from the acquired properties since the closing date of the acquisitions.

At December 31, 2017, Crescent Point's enterprise value was \$9.25 billion and the Company was capitalized with 57 percent equity compared to \$13.56 billion and 73 percent at December 31, 2016, respectively. The Company's net debt to adjusted funds flow from operations ratio at December 31, 2017 remained consistent at 2.3 times compared to December 31, 2016. Crescent Point's objective is to manage net debt to adjusted funds flow from operations to be well positioned to maximize shareholder return with long-term growth plus dividend income.

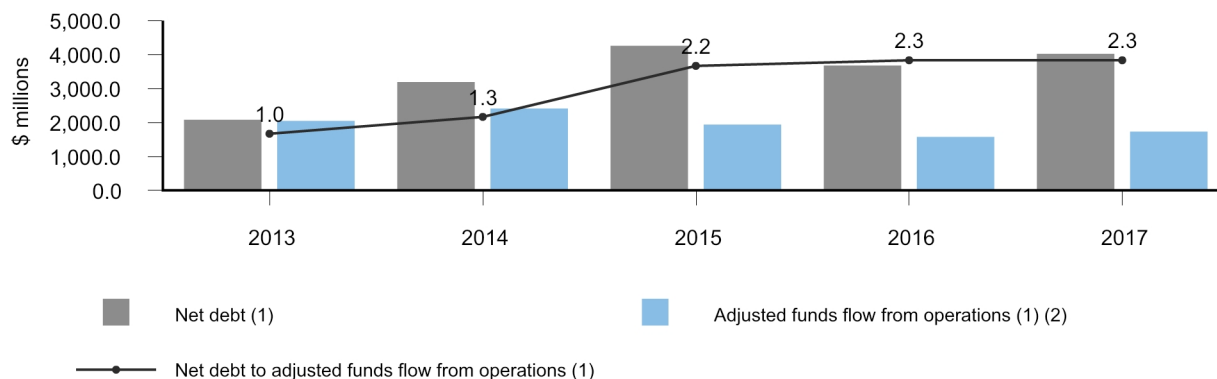
### Unutilized Credit Capacity - December 31, 2017 (\$ billions)



(1) Includes cash on hand of \$62.4 million.

## Exhibit 25

### Net Debt to Adjusted Funds Flow from Operations (1)



(1) Non-GAAP financial measure that does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable with the calculation of similar measures presented by other entities. Refer to the Non-GAAP Financial Measures section in this MD&A for further information.

(2) The sum of adjusted funds flow from operations for the trailing four quarters.

The Company has combined credit facilities of \$3.60 billion, including a \$3.50 billion syndicated unsecured credit facility with fourteen banks and a \$100.0 million unsecured operating credit facility with one Canadian chartered bank. The syndicated unsecured credit facility also includes an accordion feature that allows the Company to increase the facility by up to \$500.0 million under certain conditions. The current maturity date of the syndicated unsecured credit facility and the unsecured operating credit facility is June 10, 2020. Both of these facilities constitute revolving credit facilities and are extendible annually. As at December 31, 2017, the Company had approximately \$2.19 billion drawn on bank credit facilities, including \$7.5 million outstanding pursuant to letters of credit, leaving unutilized borrowing capacity of approximately \$1.47 billion including cash of \$62.4 million.

The Company has private offerings of senior guaranteed notes raising total gross proceeds of US\$1.39 billion and Cdn\$197.0 million. The notes are unsecured and rank pari passu with the Company's bank credit facilities and carry a bullet repayment on maturity. Crescent Point entered into various CCS and foreign exchange swaps to hedge its foreign exchange exposure on its US dollar long-term debt.

The Company is in compliance with all debt covenants at December 31, 2017 which are listed in the table below:

Covenant Description	Maximum Ratio	December 31, 2017
Senior debt to adjusted EBITDA <sup>(1) (2)</sup>	3.5	2.2
Total debt to adjusted EBITDA <sup>(1) (3)</sup>	4.0	2.2
Senior debt to capital <sup>(2) (4)</sup>	0.55	0.31

(1) Adjusted EBITDA is calculated as earnings before interest, taxes, depletion, depreciation, amortization and impairment, adjusted for certain non-cash items. Adjusted EBITDA is calculated on a trailing twelve month basis adjusted for material acquisitions and dispositions.

(2) Senior debt is calculated as the sum of amounts drawn on the combined facilities, outstanding letters of credit and the principal amount of the senior guaranteed notes.

(3) Total debt is calculated as the sum of senior debt plus subordinated debt. Crescent Point does not have any subordinated debt.

(4) Capital is calculated as the sum of senior debt and shareholder's equity and excludes the effect of unrealized derivative gains or losses.

Crescent Point's development capital budget for 2018 is \$1.80 billion, before net land and property acquisitions, with average 2018 production forecast at 183,500 boe/d.

The Company expects to finance its working capital deficiency and its ongoing working capital requirements through cash, adjusted funds flow from operations and its bank credit facilities.

Crescent Point's management believes that with the high quality reserve base and development inventory, solid hedging program and significant liquidity and financial flexibility, the Company is well positioned to execute its business strategy. The Company remains committed to maintaining a strong financial position while continuing to maximize shareholder return through its total return strategy of long-term growth plus dividend income.

## Shareholders' Equity

At December 31, 2017, Crescent Point had 545.8 million common shares issued and outstanding compared to 541.7 million common shares at December 31, 2016. The increase of 4.1 million shares relates to shares issued pursuant to the Restricted Share Bonus Plan.

## Contractual Obligations and Commitments

The Company has assumed various contractual obligations and commitments in the normal course of operations. At December 31, 2017, the Company had contractual obligations and commitments as follows:

(\$ millions)	1 year	2 to 3 years	4 to 5 years	More than 5 years	Total
Operating leases (building and vehicle leases) <sup>(1)</sup>	30.2	53.1	52.1	217.0	352.4
Senior guaranteed notes <sup>(2)</sup>	126.0	371.1	512.0	1,048.9	2,058.0
Bank credit facilities <sup>(3)</sup>	98.3	2,316.7	—	—	2,415.0
Transportation commitments	17.8	29.6	22.9	37.4	107.7
Total contractual commitments	272.3	2,770.5	587.0	1,303.3	4,933.1

(1) Included in operating leases are recoveries of rent expense on office space the Company has subleased of \$50.6 million.

(2) These amounts include the notional principal and interest payments pursuant to the related CCS and foreign exchange swap, which fix the amounts due in Canadian dollars.

(3) These amounts include interest based on debt outstanding and interest rates effective as at December 31, 2017. The current maturity date of the Company's facilities is June 10, 2020. The Company expects that the facilities will be renewed and extended prior to their maturity dates.

## Off Balance Sheet Arrangements

The Company has off-balance sheet financing arrangements consisting of various lease agreements which are entered into in the normal course of operations. All leases have been treated as operating leases whereby the lease payments are included in operating expenses or general and administrative expenses depending on the nature of the lease. No asset or liability value has been assigned to these leases in the balance sheet as of December 31, 2017. All of the lease agreement amounts have been reflected in the Contractual Obligations and Commitments table above.

## Critical Accounting Estimates

The preparation of the Company's consolidated financial statements requires management to adopt accounting policies that involve the use of significant estimates and assumptions. These estimates and assumptions are developed based on the best available information and are believed by management to be reasonable under the existing circumstances. New events or additional information may result in the revision of these estimates over time. A summary of the significant accounting policies used by Crescent Point can be found in Note 3 of the December 31, 2017 audited consolidated financial statements. The following discussion outlines what management believes to be the most critical policies involving the use of estimates and assumptions.

## **Oil and gas activities**

Reserves estimates, although not reported as part of the Company's consolidated financial statements, can have a significant effect on net income, assets and liabilities as a result of their impact on depletion, depreciation and amortization, decommissioning liability, deferred taxes, asset impairments and business combinations. Independent petroleum reservoir engineers perform evaluations of the Company's oil and gas reserves on an annual basis. The estimation of reserves is an inherently complex process requiring significant judgment. Estimates of economically recoverable oil and gas reserves are based upon a number of variables and assumptions such as geoscientific interpretation, production forecasts, commodity prices, costs and related future cash flows, all of which may vary considerably from actual results. These estimates are expected to be revised upward or downward over time, as additional information such as reservoir performance becomes available, or as economic conditions change.

For purposes of impairment testing, property, plant and equipment is aggregated into CGUs, based on separately identifiable and largely independent cash inflows. The determination of the Company's CGUs is subject to judgment. Factors considered in the classification of CGUs include the integration between assets, shared infrastructures, the existence of common sales points, geography, geologic structure and the manner in which management monitors and makes decisions regarding operations.

The determination of technical feasibility and commercial viability, based on the presence of reserves and which results in the transfer of assets from E&E to PP&E, is subject to judgment.

### **Decommissioning liability**

Upon retirement of its oil and gas assets, the Company anticipates incurring substantial costs associated with decommissioning. Estimates of these costs are subject to uncertainty associated with the method, timing and extent of future decommissioning activities. The liability, the related asset and the expense are impacted by estimates with respect to the cost and timing of decommissioning.

### **Business combinations**

Business combinations are accounted for using the acquisition method of accounting. The determination of fair value often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of PP&E and E&E assets acquired generally require the most judgment and include estimates of reserves acquired, forecast benchmark commodity prices and discount rates. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill. Future net earnings can be affected as a result of changes in future DD&A, asset impairment or goodwill impairment.

### **Fair value measurement**

The estimated fair value of derivative instruments resulting in derivative assets and liabilities, by their very nature, are subject to measurement uncertainty. Estimates included in the determination of the fair value of derivative instruments include forward benchmark prices, discount rates and forward foreign exchange rates.

### **Joint control**

Judgment is required to determine when the Company has joint control over an arrangement, which requires an assessment of the capital and operating activities of the projects it undertakes with partners and when the decisions in relation to those activities require unanimous consent.

### **Share-based compensation**

Compensation costs recorded pursuant to share-based compensation plans are subject to estimated fair values, forfeiture rates and the future attainment of performance criteria.

### **Income taxes**

Tax regulations and legislation and the interpretations thereof are subject to change. In addition, deferred income tax assets and liabilities recognize the extent that temporary differences will be receivable and payable in future periods. The calculation of the asset and liability involves a significant amount of estimation including an evaluation of when the temporary differences will reverse, an analysis of the amount of future taxable earnings, the availability of cash flows and the application of tax laws. Changes in tax regulations and legislation and the other assumptions listed are subject to measurement uncertainty.

## **Risk Factors**

### **Financial Risk**

Financial risk is the risk of loss or lost opportunity resulting from financial management and market conditions that could have a positive or negative impact on Crescent Point's business. Financial risks the Company is exposed to include: marketing production at an acceptable price given market conditions; finding and producing reserves at a reasonable cost; volatility in market prices for oil and natural gas; volatility in crude oil price differentials; fluctuations in foreign exchange and interest rates; stock market volatility; debt service which may limit timing or amount of dividends as well as market price of shares; the continued availability of adequate debt and equity financing and cash flow to fund planned expenditures; sufficient liquidity for future operations; lost revenue or increased expenditures as a result of delayed or denied environmental, safety or regulatory approvals; adverse changes to income tax laws or other laws or government incentive programs and regulations relating to the oil and gas industry; cost of capital risk to carry out the Company's operations; and uncertainties associated with credit facilities and counterparty credit risk.

## Operational Risk

Operational risk is the risk of loss or lost opportunity resulting from operating and capital activities that, by their nature, could have an impact on the Company's ability to achieve objectives. Operational risks Crescent Point is exposed to include: uncertainties associated with estimating oil and natural gas reserves; incorrect assessments of the value of acquisitions and exploration and development programs; failure to realize the anticipated benefits of acquisitions; uncertainties associated with partner plans and approvals; operational matters related to non-operated properties; inability to secure adequate product transportation including sufficient crude-by-rail or other alternate transportation; delays in business operations, pipeline restrictions, blowouts; unforeseen title defects; increased competition for, among other things, capital, acquisitions of reserves and undeveloped lands; competition for and availability of qualified personnel or management; loss of key personnel; unexpected geological, technical, drilling, construction and processing problems; availability of insurance; competitive action by other companies; the ability of suppliers to meet commitments and risks; and uncertainties related to oil and gas interests and operations on tribal lands.

## Safety, Environmental and Regulatory Risks

Safety, environmental and regulatory risks are the risks of loss or lost opportunity resulting from changes to laws governing safety, the environment, royalties and taxation. Safety, environmental and regulatory risks Crescent Point is exposed to include: aboriginal land claims; uncertainties associated with regulatory approvals; uncertainty of government policy changes; the risk of carrying out operations with minimal environmental impact; changes in or adoption of new laws and regulations or changes in how they are interpreted or enforced; obtaining required approvals of regulatory authorities and stakeholder support for activities and growth plans.

In November 2015, the Province of Alberta released its Climate Leadership Plan which will impact businesses that contribute to carbon emissions in Alberta. The plan's four key areas include imposing carbon pricing that is applied across all sectors, starting at \$20 per tonne on January 1, 2017 and moving to \$30 per tonne on January 1, 2018, and a 45 percent reduction in methane emissions by the oil and gas sector by 2025. Prior to 2023, the plan is expected to have a minimal impact on the Company's results of operations as less than 10% of the Company's total production is from properties located in Alberta and exemptions are available for fuel that is used, flared, or vented in a production process and sold to a consumer for use in an oil and gas production process. The Company continues to monitor developments in this plan for periods after 2023 and will evaluate the expected impact on its results of operations.

The Canadian federal government has released a draft *Greenhouse Gas Pollution Pricing Act* ("GGPPA") for public comment which, if brought into force as currently drafted, would levy a carbon tax of \$10 per tonne of greenhouse gas emissions starting January 1, 2018 in each province and territory that does not at that time have a carbon tax or cap and trade system, with the \$10 per tonne federal levy increasing \$10 per tonne per year until it reaches \$50 per tonne on January 1, 2022. The federal government has indicated that the GGPPA will come into force sometime in 2018, but has also announced that the carbon tax framework under the GGPPA will not be imposed on any Canadian province until at least the end of 2018; it is therefore currently unclear whether a tax of \$20 per tonne will take effect as of January 1, 2019 in accordance with the current draft of the GGPPA, or whether the draft GGPPA will be amended to re-set its levy schedule to being at \$10 per tonne on January 1, 2019, with \$10 per tonne increases each year until January 1, 2023.

## Risk Management

Crescent Point is committed to identifying and managing its risks in the near term, as well as on a strategic and longer term basis at all levels in the organization in accordance with the Company's Board-approved Risk Management and Counterparty Credit Policy and risk management programs. Issues affecting, or with the potential to affect, our assets, operations and/or reputation, are generally of a strategic nature or are emerging issues that can be identified early and then managed, but occasionally include unforeseen issues that arise unexpectedly and must be managed on an urgent basis. Crescent Point takes a proactive approach to the identification and management of issues that can affect the Company's assets, operations and/or reputation and have established consistent and clear policies, procedures, guidelines and responsibilities for issue identification and management.

Specific actions Crescent Point takes to ensure effective risk management include: employing qualified professional and technical staff; concentrating in a limited number of areas with low cost exploitation and development objectives; utilizing the latest technology for finding and developing reserves; constructing quality, environmentally sensitive and safe production facilities; adopting and communicating sound policies governing all areas of our business; maximizing operational control of drilling and production operations; strategic hedging of commodity prices, interest and foreign exchange rates; adhering to conservative borrowing guidelines; monitoring counterparty creditworthiness and obtaining counterparty credit insurance.

## Changes in Accounting Policies

In future accounting periods, the Company will adopt the following IFRS:

- **IFRS 15 *Revenue from Contracts with Customers*** - IFRS 15 was issued in May 2014 and replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. The standard is required to be adopted either retrospectively or using a modified transaction approach. In September 2015, the IASB amended IFRS 15, deferring the effective date of the standard by one year to annual periods beginning on or after January 1, 2018 with early adoption still permitted. IFRS 15 was adopted by the Company using a modified transaction approach on January 1, 2018. The Company completed the review of its various revenue streams and sales contracts with customers and concluded that the adoption of IFRS 15 will not have a material impact on the consolidated financial statements. The adoption of IFRS 15 will require the Company to expand its disclosures in the notes to the consolidated financial statements, including the disaggregation of revenue streams by product type.

- IFRS 9 *Financial Instruments* - IFRS 9 was amended in July 2014 to include guidance to assess and recognize impairment losses on financial assets based on an expected loss model. The amendments are effective for fiscal years beginning on or after January 1, 2018 with earlier adoption permitted. This amendment was adopted by the Company on January 1, 2018. The Company has evaluated the impact of the amendment on the consolidated financial statements and the amendment will not have a material impact on the valuation of its financial assets.
- IFRS 16 *Leases* - IFRS 16 was issued January 2016 and replaces IAS 17 *Leases* and IFRIC 4 *Determining Whether an Arrangement Contains a Lease*. The standard introduces a single lessee accounting model for leases with required recognition of assets and liabilities for most leases, where the Company is acting as a lessee. The adoption of IFRS 16 for lessees eliminates the dual classification model of leases as either operating leases or finance leases, effectively treating almost all leases as finance leases. Certain short-term leases (less than 12 months) and leases of low-value assets are exempt from recognition and will continue to be treated as operating leases. There is no significant impact from the adoption of IFRS 16 for lessors as the dual classification model of leases and the accounting for lessors remains virtually unchanged. The standard is effective for fiscal years beginning on or after January 1, 2019 with early adoption permitted if the Company is also applying IFRS 15 *Revenue from Contracts with Customers*. The standard is required to be adopted either retrospectively or using a modified retrospective approach. IFRS 16 will be adopted by the Company on January 1, 2019 and the Company is currently assessing the standard including identifying and reviewing contracts that are impacted. The Company expects that the standard will have a material impact on the consolidated financial statements.

### **Outstanding Common Shares Data**

As of the date of this report, the Company had 546,471,635 common shares outstanding.

## Selected Annual Information

(\$ millions, except per share amounts)	2017	2016	2015
Oil and gas sales	<b>3,303.1</b>	2,548.5	2,800.2
Average daily production			
Crude oil (bbls/d)	<b>139,996</b>	133,172	137,003
NGLs (bbls/d)	<b>18,250</b>	17,372	10,773
Natural gas (mcf/d)	<b>106,599</b>	103,321	95,127
Total (boe/d)	<b>176,013</b>	167,764	163,631
Net income (loss) <sup>(1)</sup>	<b>(124.0)</b>	(932.7)	(870.2)
Net income (loss) per share <sup>(1)</sup>	<b>(0.23)</b>	(1.81)	(1.82)
Net income (loss) per share - diluted <sup>(1)</sup>	<b>(0.23)</b>	(1.81)	(1.82)
Adjusted net earnings from operations <sup>(2)</sup>	<b>100.0</b>	88.5	342.0
Adjusted net earnings from operations per share <sup>(2)</sup>	<b>0.18</b>	0.17	0.72
Adjusted net earnings from operations per share – diluted <sup>(2)</sup>	<b>0.18</b>	0.17	0.71
Cash flow from operating activities	<b>1,718.7</b>	1,524.3	1,956.9
Adjusted funds flow from operations <sup>(2)</sup>	<b>1,728.8</b>	1,572.5	1,938.0
Adjusted working capital (deficiency) <sup>(3)</sup>	<b>(133.3)</b>	(277.0)	(345.3)
Total assets	<b>16,005.3</b>	16,163.6	17,616.0
Total liabilities	<b>6,842.4</b>	6,572.4	7,491.0
Net debt <sup>(2)</sup>	<b>4,024.9</b>	3,677.1	4,266.1
Total long-term derivative liability	<b>16.6</b>	3.0	0.3
Weighted average shares - diluted (millions)	<b>546.8</b>	519.3	479.8
Capital expenditures <sup>(4)</sup>	<b>1,856.5</b>	1,399.9	3,365.6
Dividends declared	<b>197.7</b>	260.3	1,020.4
Dividends declared per share	<b>0.36</b>	0.50	2.11

(1) Net income (loss) and net income (loss) before discontinued operations are the same.

(2) Non-GAAP financial measure that does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable with the calculation of similar measures presented by other entities. Refer to the Non-GAAP Financial Measures section in this MD&A for further information.

(3) Adjusted working capital deficiency is calculated as accounts payable and accrued liabilities, dividends payable and long-term compensation liability, less cash, accounts receivable, prepaids and deposits and long-term investments.

(4) Capital expenditures exclude capitalized share-based compensation and capitalized non-cash lease inducement and include capital acquisitions. Capital acquisitions represent total consideration for the transactions including long-term debt and working capital assumed, and excludes transaction costs.

Crescent Point's oil and gas sales, cash flow from operating activities, adjusted funds flow from operations and total assets have fluctuated for the years 2015 through 2017, primarily due to movement in the Cdn \$ WTI benchmark price, fluctuations in corporate oil price differentials, numerous corporate and property acquisitions and the Company's successful drilling program.

Net income over the past three years has fluctuated primarily due to unrealized derivative gains and losses on derivative contracts, which fluctuate with changes in market conditions, and net impairments to PP&E along with associated fluctuations in deferred tax expense (recovery).

Adjusted net earnings from operations has fluctuated over the past three years primarily due to changes in adjusted funds flow from operations, depletion and share-based compensation expense along with associated fluctuations in the deferred tax expense (recovery).

## Summary of Quarterly Results

(\$ millions, except per share amounts)	2017				2016			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Oil and gas sales	<b>916.0</b>	766.9	813.7	806.5	749.1	645.9	645.9	507.6
Average daily production								
Crude oil (bbls/d)	<b>140,544</b>	139,254	140,878	139,303	130,386	125,713	132,730	143,971
NGLs (bbls/d)	<b>19,437</b>	18,811	17,658	17,061	18,083	17,750	16,870	16,775
Natural gas (mcf/d)	<b>113,963</b>	108,021	102,471	101,791	99,765	102,883	105,709	104,972
Total (boe/d)	<b>178,975</b>	176,069	175,615	173,329	165,097	160,610	167,218	178,241
Net income (loss)	<b>(56.4)</b>	(270.6)	83.6	119.4	(510.6)	(108.5)	(226.1)	(87.5)
Net income (loss) per share	<b>(0.10)</b>	(0.50)	0.15	0.22	(0.94)	(0.21)	(0.45)	(0.17)
Net income (loss) per share – diluted	<b>(0.10)</b>	(0.50)	0.15	0.22	(0.94)	(0.21)	(0.45)	(0.17)
Adjusted net earnings (loss) from operations <sup>(1)</sup>	<b>(35.1)</b>	33.7	39.5	61.9	100.6	(22.0)	15.1	(5.2)
Adjusted net earnings (loss) from operations per share <sup>(1)</sup>	<b>(0.06)</b>	0.06	0.07	0.11	0.19	(0.04)	0.03	(0.01)
Adjusted net earnings (loss) from operations per share – diluted <sup>(1)</sup>	<b>(0.06)</b>	0.06	0.07	0.11	0.18	(0.04)	0.03	(0.01)
Cash flow from operating activities	<b>449.6</b>	437.0	415.9	416.2	438.5	330.2	427.5	328.1
Adjusted funds flow from operations <sup>(1)</sup>	<b>494.7</b>	389.0	418.0	427.1	422.0	368.1	404.4	378.0
Adjusted working capital (deficiency) <sup>(2)</sup>	<b>(133.3)</b>	(259.1)	(171.6)	(202.0)	(277.0)	(197.3)	(159.0)	(181.1)
Total assets	<b>16,005.3</b>	15,945.1	16,419.2	16,568.8	16,163.6	16,771.9	16,610.9	17,179.5
Total liabilities	<b>6,842.4</b>	6,696.7	6,777.0	6,910.7	6,572.4	6,679.1	7,043.0	7,365.3
Net debt <sup>(1)</sup>	<b>4,024.9</b>	4,135.9	3,966.7	3,987.7	3,677.1	3,620.3	4,041.9	4,325.2
Total long-term derivative liability	<b>16.6</b>	8.8	—	—	3.0	2.7	3.8	2.5
Weighted average shares – diluted (millions)	<b>546.9</b>	546.2	546.1	546.2	544.5	514.0	509.1	507.6
Capital expenditures <sup>(3)</sup>	<b>334.2</b>	503.8	338.3	680.2	429.8	542.3	88.9	338.9
Dividends declared	<b>49.5</b>	49.4	49.4	49.4	49.2	47.2	46.0	117.9
Dividends declared per share	<b>0.09</b>	0.09	0.09	0.09	0.09	0.09	0.09	0.23

(1) Non-GAAP financial measure that does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable with the calculation of similar measures presented by other entities. Refer to the Non-GAAP Financial Measures section in this MD&A for further information.

(2) Adjusted working capital deficiency is calculated as accounts payable and accrued liabilities, dividends payable and long-term compensation liability, less cash, accounts receivable, prepaids and deposits and long-term investments.

(3) Capital expenditures exclude capitalized share-based compensation and include capital acquisitions. Capital acquisitions represent total consideration for the transactions including long-term debt and working capital assumed, and excludes transaction costs.

Over the past eight quarters, the Company's oil and gas sales have fluctuated due to changes in production, movement in the Cdn\$ WTI benchmark price and fluctuations in corporate oil price differentials. The Company's production has fluctuated due to its successful capital development program, several business combinations and natural declines.

Net income has fluctuated primarily due to changes in adjusted funds flow from operations, unrealized derivative gains and losses, which fluctuate with the changes in forward market prices, net impairments to PP&E recorded in the third quarter of 2017 and fourth quarter of 2016 and net recovery of PP&E recorded in the fourth quarter of 2017, along with associated fluctuations in the deferred tax expense (recovery).

Adjusted net earnings from operations has fluctuated over the past eight quarters primarily due to changes in adjusted funds flow from operations, depletion and share-based compensation expense along with associated fluctuations in the deferred tax expense (recovery).

Capital expenditures fluctuated through this period as a result of timing of acquisitions, dispositions and the Company's capital development program. Cash flow from operating activities and adjusted funds flow from operations throughout the last eight quarters has allowed the Company to pay monthly dividends.

## Fourth Quarter Review

- Crescent Point achieved production averaging 178,975 boe/d in the fourth quarter of 2017, an increase of two percent from third quarter 2017. Strong fourth quarter production growth supported annual average production of 176,013 boe/d. Production in fourth quarter of 2017 was weighted 89 percent towards crude oil and liquids.
- During the fourth quarter, the Company spent \$332.9 million on drilling and development activities, drilling 172 (121.4 net) wells with a 99.3 percent success rate. Crescent Point also spent \$146.8 million on land, seismic and facilities, for total development capital expenditures of \$479.7 million.
- Adjusted funds flow from operations totaled \$494.7 million in fourth quarter 2017, an increase of 27 percent from third quarter 2017. This growth highlights Crescent Point's low-cost, high-netback asset base and its sensitivity to higher commodity prices.

## Disclosure Controls and Procedures

Disclosure controls and procedures ("DC&P"), as defined in Rule 13a-15 under the US Securities Exchange Act of 1934 and as defined in Canada by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, are designed to provide reasonable assurance that information required to be disclosed in the Company's annual filings, interim filings or other reports filed, or submitted by the Company under securities legislation is recorded, processed, summarized and reported within the time periods specified under securities legislation and include controls and procedures designed to ensure that information required to be so disclosed is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Chief Executive Officer and the Chief Financial Officer of Crescent Point evaluated the effectiveness of the design and operation of the Company's DC&P. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that Crescent Point's DC&P were effective as at December 31, 2017.

## Internal Controls over Financial Reporting

Internal control over financial reporting ("ICFR"), as defined in Rule 13a-15 under the US Securities Exchange Act of 1934 and as defined in Canada by National Instrument 52-109, includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets of Crescent Point;
2. are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of Crescent Point are being made in accordance with authorizations of management and Directors of Crescent Point; and
3. are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Management is responsible for establishing and maintaining ICFR for Crescent Point. They have, as at the financial year ended December 31, 2017, designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework Crescent Point's officers used to design the Company's ICFR is the *Internal Control-Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Under the supervision of Management, Crescent Point conducted an evaluation of the effectiveness of the Company's ICFR as at December 31, 2017 based on the COSO Framework. Based on this evaluation, Management concluded that as of December 31, 2017, Crescent Point maintained effective ICFR.

The effectiveness of Crescent Point's ICFR as of December 31, 2017 was audited by PricewaterhouseCoopers LLP, as reflected in their report for 2017. There were no changes in Crescent Point's ICFR during the year ended December 31, 2017 that materially affected, or are reasonably likely to materially affect, the Company's ICFR.

It should be noted that while Crescent Point's officers believe that the Company's controls provide a reasonable level of assurance with regard to their effectiveness, they do not expect that the DC&P and ICFR will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, but not absolute, assurance that the objectives of the control system are met.

## Health, Safety and Environment Policy

The health and safety of employees, contractors, visitors and the public, as well as the protection of the environment, are of utmost importance to Crescent Point. The Company endeavours to conduct its operations in a manner that will minimize both adverse effects and consequences of emergency situations by:

- Complying with government regulations and standards;
- Conducting operations consistent with industry codes, practices and guidelines;
- Ensuring prompt, effective response and repair to emergency situations and environmental incidents;
- Providing training to employees and contractors to ensure compliance with Company safety and environmental policies and procedures;

- Promoting the aspects of careful planning, good judgment, implementation of the Company's procedures, and monitoring Company activities;
- Communicating openly with members of the public regarding our activities; and
- Amending the Company's policies and procedures as may be required from time to time.

Crescent Point believes that all employees have a vital role in achieving excellence in environmental, health and safety performance. This is best achieved through careful planning and the support and active participation of everyone involved.

As part of Crescent Point's ongoing commitment to reduce emissions, the Company contributed to a climate change initiatives fund directed to environmental initiatives. To date, \$65.3 million has been contributed towards emissions reduction and \$48.8 million has been expended to reduce emissions and to meet and exceed provincial and federal targets. In 2017, the Company spent a total of \$1.5 million on emissions reduction, primarily on upgrading facilities in Saskatchewan. These upgrades have reduced the Company's emissions, which continue to meet or fall below provincial and federal emission limits.

## Outlook

Crescent Point's guidance for 2018 is as follows:

Production	
Total average annual production (boe/d)	183,500
% Oil and NGLs	90%
Exit production (boe/d)	195,000
Capital expenditures <sup>(1)</sup>	
Drilling and development (\$ millions)	1,610.0
Facilities and seismic (\$ millions)	190.0
Total (\$ millions)	1,800.0

(1) The projection of capital expenditures excludes property and land acquisitions, which are separately considered and evaluated.

Additional information relating to Crescent Point, including the Company's December 31, 2017 Annual Information Form, is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on EDGAR at [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml).

## Non-GAAP Financial Measures

Throughout this MD&A, the Company uses the terms "netback", "adjusted funds flow from operations", "adjusted net earnings from operations", "adjusted net earnings from operations per share", "adjusted net earnings from operations per share - diluted", "payout ratio", "net debt", "net debt to adjusted funds flow from operations", "market capitalization" and "enterprise value". These terms do not have any standardized meaning as prescribed by IFRS and, therefore, may not be comparable with the calculation of similar measures presented by other issuers.

Netback is calculated on a per boe basis as oil and gas sales, less royalties, operating and transportation expenses and realized derivative gains and losses. Netback is a common metric used in the oil and gas industry and is used by management to measure operating results on a per boe basis to better analyze performance against prior periods on a comparable basis. The calculation of netback is shown in the Results of Operations section in this MD&A.

Adjusted funds flow from operations is calculated based on cash flow from operating activities before changes in non-cash working capital, transaction costs and decommissioning expenditures. Transaction costs are excluded as they vary based on the Company's acquisition and disposition activity and to ensure that this metric is more comparable between periods. Decommissioning expenditures are excluded as the Company has a voluntary reclamation fund to fund decommissioning costs. Management utilizes adjusted funds flow from operations as a key measure to assess the ability of the Company to finance dividends, operating activities, capital expenditures and debt repayments. Adjusted funds flow from operations as presented is not intended to represent cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS. The Company previously referred to adjusted funds flow from operations as "funds flow from operations".

The following table reconciles cash flow from operating activities to adjusted funds flow from operations:

(\$ millions)	2017	2016	% Change
Cash flow from operating activities	<b>1,718.7</b>	1,524.3	13
Changes in non-cash working capital	<b>(18.7)</b>	29.9	(163)
Transaction costs	<b>3.7</b>	2.3	61
Decommissioning expenditures	<b>25.1</b>	16.0	57
Adjusted funds flow from operations	<b>1,728.8</b>	1,572.5	10

Adjusted net earnings from operations is calculated based on net income before amortization of E&E undeveloped land, impairment or impairment recoveries on PP&E, unrealized derivative gains or losses, unrealized foreign exchange gain or loss on translation of hedged US dollar long-term debt, unrealized gains or losses on long-term investments and gains or losses on capital acquisitions and dispositions. Adjusted net earnings from operations per share and adjusted net earnings from operations per share - diluted are calculated as adjusted net earnings from operations divided by the number of weighted average basic and diluted shares outstanding, respectively. Management utilizes adjusted net earnings from operations to present a measure of financial performance that is more comparable between periods. Adjusted net earnings from operations as presented is not intended to represent net earnings or other measures of financial performance calculated in accordance with IFRS.

The following table reconciles net income to adjusted net earnings from operations:

(\$ millions)	2017	2016	% Change
Net income (loss)	<b>(124.0)</b>	(932.7)	(87)
Amortization of E&E undeveloped land	<b>134.3</b>	172.5	(22)
Impairment to PP&E	<b>203.6</b>	611.4	(67)
Unrealized derivative losses	<b>163.6</b>	706.8	(77)
Unrealized foreign exchange gain on translation of hedged US dollar long-term debt	<b>(201.2)</b>	(110.6)	82
Unrealized (gain) loss on long-term investments	<b>3.4</b>	(5.5)	(162)
(Gain) loss on capital dispositions	<b>(31.1)</b>	15.3	(303)
Deferred tax relating to adjustments	<b>(48.6)</b>	(368.7)	(87)
Adjusted net earnings from operations	<b>100.0</b>	88.5	13

Payout ratio is calculated on a percentage basis as dividends declared divided by adjusted funds flow from operations. Payout ratio is used by management to monitor the dividend policy and the amount of adjusted funds flow from operations retained by the Company for capital reinvestment.

Net debt is calculated as long-term debt plus accounts payable and accrued liabilities, dividends payable and long-term compensation liability, less cash, accounts receivable, prepaids and deposits and long-term investments, excluding the unrealized foreign exchange on translation of US dollar long-term debt. Management utilizes net debt as a key measure to assess the liquidity of the Company.

The following table reconciles long-term debt to net debt:

(\$ millions)	2017	2016	% Change
Long-term debt <sup>(1)</sup>	<b>4,111.0</b>	3,820.7	8
Accounts payable and accrued liabilities	<b>613.3</b>	647.2	(5)
Dividends payable	<b>16.8</b>	16.3	3
Long-term compensation liability <sup>(2)</sup>	<b>22.9</b>	3.7	519
Cash	<b>(62.4)</b>	(13.4)	366
Accounts receivable	<b>(380.2)</b>	(335.7)	13
Prepays and deposits	<b>(4.5)</b>	(5.3)	(15)
Long-term investments	<b>(72.6)</b>	(35.8)	103
Excludes:			
Unrealized foreign exchange on translation of US dollar long-term debt	<b>(219.4)</b>	(420.6)	(48)
Net debt	<b>4,024.9</b>	3,677.1	9

(1) Includes current portion of long-term debt.

(2) Includes current portion of long-term compensation liability.

Net debt to adjusted funds flow from operations is calculated as the period end net debt divided by the sum of adjusted funds flow from operations for the trailing four quarters. The ratio of net debt to adjusted funds flow from operations is used by management to measure the Company's overall debt position and to measure the strength of the Company's balance sheet. Crescent Point monitors this ratio and uses this as a key measure in making decisions regarding financing, capital spending and dividend levels.

Market capitalization is calculated by applying the period end closing share trading price to the number of shares outstanding. Market capitalization is an indication of enterprise value. Refer to the Liquidity and Capital Resources section in this MD&A for further information.

Enterprise value is calculated as market capitalization plus net debt. Management uses enterprise value to assess the valuation of the Company. Refer to the Liquidity and Capital Resources section in this MD&A for further information.

Management believes the presentation of the Non-GAAP measures above provide useful information to investors and shareholders as the measures provide increased transparency and the ability to better analyze performance against prior periods on a comparable basis.

## Forward-Looking Information

Certain statements contained in this management's discussion and analysis constitute forward-looking statements and are based on Crescent Point's beliefs and assumptions based on information available at the time the assumption was made. By its nature, such forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. These statements are effective only as of the date of this report. Crescent Point undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so pursuant to applicable law.

Any "financial outlook" or "future oriented financial information" in this management's discussion and analysis, as defined by applicable securities legislation, has been approved by management of Crescent Point. Such financial outlook or future oriented financial information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

Certain statements contained in this report, including statements related to Crescent Point's capital expenditures, projected asset growth, view and outlook toward future commodity prices, drilling activity and statements that contain words such as "could", "should", "can", "anticipate", "expect", "believe", "will", "may", "projected", "sustain", "continues", "strategy", "potential", "projects", "grow", "take advantage", "estimate", "well positioned" and similar expressions and statements relating to matters that are not historical facts constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. The material assumptions and factors in making these forward-looking statements are disclosed in this MD&A under the headings "Derivatives", "Liquidity and Capital Resources", "Changes in Accounting Policies" and "Outlook".

In particular, forward-looking statements include:

- Crescent Point's approach to proactively manage the risk exposure inherent in movements in the price of crude oil, natural gas and power, fluctuations in the US/Cdn dollar exchange rate and interest rates movements through the use of derivatives with investment-grade counterparties;
- Crescent Point's use of financial commodity derivatives to reduce the volatility of the selling price of its crude oil and natural gas production and how this provides a measure of stability to cash flow and the ability to fund dividends;
- Crescent Point's budgeted capital program for 2018 (before net land and property acquisitions);
- Crescent Point's 2018 production and capital expenditure guidance;
- Management's belief that the Company is well positioned to execute its business strategy;
- The Company's commitment to maintain a strong financial position while continuing to maximize shareholder return through its total return strategy of long-term growth plus dividend income;
- How the Company expects to finance its working capital deficiency and ongoing working capital requirements; and
- Expected adoption of new accounting policies.

This information contains certain forward-looking estimates that involve substantial known and unknown risks and uncertainties, certain of which are beyond Crescent Point's control. Such risks and uncertainties include, but are not limited to: financial risk of marketing reserves at an acceptable price given market conditions; volatility in market prices for oil and natural gas; delays in business operations, pipeline restrictions, blowouts; the risk of carrying out operations with minimal environmental impact; industry conditions including changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; uncertainties associated with estimating oil and natural gas reserves; risks and uncertainties related to oil and gas interests and operations on tribal lands; economic risk of finding and producing reserves at a reasonable cost; uncertainties associated with partner plans and approvals; operational matters related to non-operated properties; increased competition for, among other things, capital, acquisitions of reserves and undeveloped lands; competition for and availability of qualified personnel or management; incorrect assessments of the value of acquisitions and dispositions, and exploration and development programs; unexpected geological, technical, drilling, construction, processing and transportation problems; availability of insurance; fluctuations in foreign exchange and interest rates; stock market volatility; general economic, market and business conditions; uncertainties associated with regulatory approvals; uncertainty of government policy changes; uncertainties associated with credit facilities and counterparty credit risk; changes in income tax laws, tax laws, crown royalty rates and incentive programs relating to the oil and gas industry; and other factors, many of which are outside the control of the Company. Therefore, Crescent Point's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking estimates and if such actual results, performance or achievements transpire or occur, or if any of them do so, there can be no certainty as to what benefits or detriments Crescent Point will derive therefrom.

Barrels of oil equivalent ("boe") 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 from the energy equivalency of oil, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

**Directors**

Peter Bannister, Chairman <sup>(3) (4)</sup>

Rene Amirault <sup>(4)</sup>

Laura Cillis <sup>(1) (2)</sup>

Hugh Gillard <sup>(5)</sup>

Ted Goldthorpe <sup>(1) (5)</sup>

Robert Heinemann <sup>(2) (3) (4)</sup>

Mike Jackson <sup>(1) (2)</sup>

Barbara Munroe <sup>(2) (5)</sup>

Gerald Romanzin <sup>(1) (3)</sup>

Scott Saxberg <sup>(4)</sup>

<sup>(1)</sup> Member of the Audit Committee of the Board of Directors

<sup>(2)</sup> Member of the Compensation Committee of the Board of Directors

<sup>(3)</sup> Member of the Reserves Committee of the Board of Directors

<sup>(4)</sup> Member of the Environmental, Health & Safety Committee of the Board of Directors

<sup>(5)</sup> Member of the Corporate Governance and Nominating Committee

**Officers**

Scott Saxberg  
President and Chief Executive Officer

Ken Lamont  
Chief Financial Officer

Neil Smith  
Chief Operating Officer

Derek Christie  
Senior Vice President, Exploration and Geosciences

Tamara MacDonald  
Senior Vice President, Corporate and Business Development

Brad Borggard  
Vice President, Corporate Planning and Investor Relations

Mark Eade  
Vice President, General Counsel and Corporate Secretary

Ryan Gritzfeldt  
Vice President, Marketing and Innovation

Steve Toews  
Vice President, Engineering and Operations

**Head Office**

Suite 2000, 585 - 8th Avenue S.W.  
Calgary, Alberta T2P 1G1  
Tel: (403) 693-0020  
Fax: (403) 693-0070  
Toll Free: (888) 693-0020

**Banker**

The Bank of Nova Scotia  
Calgary, Alberta

**Auditor**

PricewaterhouseCoopers LLP  
Calgary, Alberta

**Legal Counsel**

Norton Rose Fulbright Canada LLP  
Calgary, Alberta

**Evaluation Engineers**

GLJ Petroleum Consultants Ltd.  
Calgary, Alberta

Sroule Associates Ltd.  
Calgary, Alberta

**Registrar and Transfer Agent**

Investors are encouraged to contact Crescent Point's Registrar and Transfer Agent for information regarding their security holdings:

Computershare Trust Company of Canada  
600, 530 - 8th Avenue S.W.  
Calgary, Alberta T2P 3S8  
Tel: (403) 267-6800

**Stock Exchanges**

Toronto Stock Exchange - TSX  
New York Stock Exchange - NYSE

**Stock Symbol**

CPG

**Investor Contacts**

Scott Saxberg  
President and Chief Executive Officer  
(403) 693-0020

Ken Lamont  
Chief Financial Officer  
(403) 693-0020

Brad Borggard  
Vice President, Corporate Planning and Investor Relations  
(403) 693-0020

## MANAGEMENT'S REPORT

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of Crescent Point Energy Corp. is responsible for the preparation of the consolidated financial statements. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and include certain estimates that reflect management's best estimates and judgments. Management has determined such amounts on a reasonable basis in order to determine that the consolidated financial statements are presented fairly in all material respects.

PricewaterhouseCoopers LLP, an independent firm of chartered professional accountants, was appointed by a resolution of the Board of Directors to audit the consolidated financial statements of the Company and to provide an independent professional opinion. PricewaterhouseCoopers LLP was appointed to hold such office until the next annual meeting of the shareholders of the Company.

The Board of Directors, through its Audit Committee, has reviewed the consolidated financial statements including notes thereto with management and PricewaterhouseCoopers LLP. The members of the Audit Committee are composed of independent directors who are not employees of the Company. The Audit Committee meets regularly with management and PricewaterhouseCoopers LLP to review and approve the consolidated financial statements. The Board of Directors has approved the information contained in the consolidated financial statements based on the recommendation of the Audit Committee.

### MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management has developed and maintains an extensive system of internal accounting controls that provide reasonable assurance that all transactions are accurately recorded, that the consolidated financial statements realistically report the Company's operating and financial results, and that the Company's assets are safeguarded. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

Management has assessed the effectiveness of the Company's internal control over financial reporting as at December 31, 2017. The assessment was based on the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework in Internal Control - Integrated Framework (2013) to evaluate the design and effectiveness of internal control over financial reporting. Management concluded that this system of internal controls was effective as of December 31, 2017. The Company has effective disclosure controls and procedures to ensure timely and accurate disclosure of material information relating to the Company which complies with the requirements of Canadian securities legislation and the United States Sarbanes - Oxley Act of 2002.

PricewaterhouseCoopers LLP, an independent firm of chartered professional accountants who also audited the Company's consolidated financial statement for the year ended December 31, 2017, has audited the the effectiveness of the Company's internal control over financial reporting as at December 31, 2017.



Scott Saxberg  
President and Chief Executive Officer



Ken Lamont  
Chief Financial Officer

February 28, 2018

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Crescent Point Energy Corp.

### ***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of Crescent Point Energy Corp. and its subsidiaries as of December 31, 2017 and 2016, and the related consolidated statement of comprehensive income, of changes in shareholder's equity and of cash flows for each of the two years in the period ended December 31, 2017, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2017 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

### ***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report On Internal Control Over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### ***Definition and Limitations of Internal Control over Financial Reporting***

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants  
Calgary, Alberta, Canada  
February 28, 2018

We have served as the Company's auditor since 2001.

## CONSOLIDATED BALANCE SHEETS

As at December 31 (Cdn\$ millions)	Notes	2017	2016
<b>ASSETS</b>			
Cash		62.4	13.4
Accounts receivable		380.2	335.7
Prepays and deposits		4.5	5.3
Derivative asset	24	35.8	49.1
Assets held for sale	9	26.4	—
Total current assets		509.3	403.5
Long-term investments	5	72.6	35.8
Derivative asset	24	246.9	340.3
Other long-term assets	6	34.5	36.7
Exploration and evaluation	7, 8	634.9	498.1
Property, plant and equipment	8, 9	14,062.4	14,174.9
Goodwill	10	251.9	251.9
Deferred income tax		192.8	422.4
Total assets		16,005.3	16,163.6
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities		613.3	647.2
Dividends payable		16.8	16.3
Current portion of long-term debt	12	63.8	90.6
Derivative liability	24	107.3	64.7
Other current liabilities	11, 14	57.7	23.7
Liabilities associated with assets held for sale	14	4.6	—
Total current liabilities		863.5	842.5
Long-term debt	12	4,047.2	3,730.1
Derivative liability	24	16.6	3.0
Other long-term liabilities	13, 22	54.0	54.6
Decommissioning liability	14	1,310.5	1,290.7
Deferred income tax		550.6	651.5
Total liabilities		6,842.4	6,572.4
<b>SHAREHOLDERS' EQUITY</b>			
Shareholders' capital	15	16,489.6	16,400.2
Contributed surplus		72.9	110.6
Deficit	16	(7,751.8)	(7,432.1)
Accumulated other comprehensive income		352.2	512.5
Total shareholders' equity		9,162.9	9,591.2
Total liabilities and shareholders' equity		16,005.3	16,163.6

Commitments (Note 26)

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board of Directors:



Gerald A. Romanzin  
Director



Laura A. Cillis  
Director

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31 (Cdn\$ millions, except per share amounts)		Notes	2017	2016
<b>REVENUE AND OTHER INCOME</b>				
Oil and gas sales			3,303.1	2,548.5
Royalties			(472.2)	(363.9)
Oil and gas revenue			2,830.9	2,184.6
Derivative losses	18, 24		(62.4)	(238.1)
Other income (loss)	19		27.8	(6.6)
			2,796.3	1,939.9
<b>EXPENSES</b>				
Operating			807.2	691.9
Transportation			133.8	130.0
General and administrative			98.0	100.9
Interest on long-term debt			162.3	158.2
Foreign exchange gain	20		(215.7)	(131.3)
Share-based compensation	22		62.0	57.7
Depletion, depreciation, amortization and impairment	7, 9		1,741.4	2,220.1
Accretion	13, 14		30.9	26.2
			2,819.9	3,253.7
Net income (loss) before tax			(23.6)	(1,313.8)
Tax expense (recovery)				
Current	21		(1.7)	0.2
Deferred	21		102.1	(381.3)
<b>Net income (loss)</b>			<b>(124.0)</b>	<b>(932.7)</b>
Other comprehensive income (loss)				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translation of foreign operations			(160.3)	(59.3)
<b>Comprehensive income (loss)</b>			<b>(284.3)</b>	<b>(992.0)</b>
<b>Net income (loss) per share</b>	23			
Basic			(0.23)	(1.81)
Diluted			(0.23)	(1.81)

See accompanying notes to the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Cdn\$ millions, except per share amounts)	Notes	Shareholders' capital	Contributed surplus	Deficit	Accumulated other comprehensive income	Total shareholders' equity
December 31, 2016		16,400.2	110.6	(7,432.1)	512.5	9,591.2
Redemption of restricted shares	15	89.6	(91.9)	2.0		(0.3)
Share issue costs, net of tax		(0.2)				(0.2)
Share-based compensation	22		62.1			62.1
Forfeit of restricted shares	22		(7.9)			(7.9)
Net income (loss)				(124.0)		(124.0)
Dividends (\$0.36 per share)				(197.7)		(197.7)
Foreign currency translation adjustment					(160.3)	(160.3)
<b>December 31, 2017</b>		<b>16,489.6</b>	<b>72.9</b>	<b>(7,751.8)</b>	<b>352.2</b>	<b>9,162.9</b>
December 31, 2015		15,693.2	99.3	(6,239.3)	571.8	10,125.0
Issued for cash		650.4				650.4
Issued on capital acquisitions		17.7				17.7
Redemption of restricted shares		58.3	(59.5)	0.2		(1.0)
Share issue costs, net of tax		(19.4)				(19.4)
Share-based compensation			75.4			75.4
Forfeit of restricted shares			(4.6)			(4.6)
Net income (loss)				(932.7)		(932.7)
Dividends (\$0.50 per share)				(260.3)		(260.3)
Foreign currency translation adjustment					(59.3)	(59.3)
December 31, 2016		16,400.2	110.6	(7,432.1)	512.5	9,591.2

See accompanying notes to the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31			
(Cdn\$ millions)	Notes	2017	2016
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Net income (loss)		(124.0)	(932.7)
Items not affecting cash			
Other (income) loss	19	(27.8)	6.6
Deferred tax expense (recovery)	21	102.1	(381.3)
Share-based compensation	22	42.2	57.7
Depletion, depreciation, amortization and impairment	7, 9	1,741.4	2,220.1
Accretion	13, 14	30.9	26.2
Unrealized losses on derivatives	18, 24	163.6	706.8
Translation of US dollar long-term debt	20	(255.8)	(79.4)
Other	28	(2.1)	(5.2)
Realized (gain) loss on cross currency swap maturity	20	54.6	(48.6)
Decommissioning expenditures		(25.1)	(16.0)
Change in non-cash working capital	28	18.7	(29.9)
		1,718.7	1,524.3
<b>INVESTING ACTIVITIES</b>			
Development capital and other expenditures		(1,854.7)	(1,173.4)
Capital acquisitions	8	(308.1)	(254.5)
Capital dispositions	8	266.1	32.2
Other long-term assets	6	2.2	26.8
Investments		0.1	—
Change in non-cash working capital	28	(65.8)	8.5
		(1,960.2)	(1,360.4)
<b>FINANCING ACTIVITIES</b>			
Issue of shares, net of issue costs	28	(2.6)	622.8
Increase (decrease) in bank debt, net		635.9	(485.8)
Repayment of senior guaranteed notes		(90.3)	(66.7)
Realized gain (loss) on cross currency swap maturity	20	(54.6)	48.6
Cash dividends		(197.7)	(260.3)
Change in non-cash working capital	28	0.5	(34.2)
		291.2	(175.6)
Impact of foreign currency on cash balances		(0.7)	0.4
<b>INCREASE (DECREASE) IN CASH</b>		<b>49.0</b>	<b>(11.3)</b>
<b>CASH AT BEGINNING OF YEAR</b>		<b>13.4</b>	<b>24.7</b>
<b>CASH AT END OF YEAR</b>		<b>62.4</b>	<b>13.4</b>

See accompanying notes to the consolidated financial statements.

### Supplementary Information:

Cash taxes paid	(0.3)	(0.4)
Cash interest paid	(159.2)	(158.0)

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

## 1. STRUCTURE OF THE BUSINESS

The principal undertaking of Crescent Point Energy Corp. (the "Company" or "Crescent Point") is to carry on the business of acquiring, developing and holding interests in petroleum and natural gas properties and assets related thereto through a general partnership and wholly owned subsidiaries.

Crescent Point is the ultimate parent and is amalgamated in Alberta, Canada under the Alberta Business Corporations Act. The address of the principal place of business is 2000, 585 - 8<sup>th</sup> Ave S.W., Calgary, Alberta, Canada, T2P 1G1.

These annual consolidated financial statements were approved and authorized for issue by the Company's Board of Directors on February 28, 2018.

## 2. BASIS OF PREPARATION

### a) Preparation

These consolidated financial statements are presented under International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of February 28, 2018, the date the Board of Directors approved the statements.

The Company's presentation currency is Canadian dollars and all amounts reported are Canadian dollars unless noted otherwise. References to "US\$" are to United States ("U.S.") dollars. Crescent Point's Canadian and U.S. operations are aggregated into one reportable segment based on similar economic characteristics and the similar nature of the assets, products, production processes and customers.

### b) Basis of measurement, functional and presentation currency

The Company's presentation currency is Canadian dollars. The accounts of the Company's foreign operations that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency at period end exchange rates for assets and liabilities and at the average rate over the period for revenues and expenses. Translation gains and losses relating to the foreign operations are recognized in Other Comprehensive Income as cumulative translation adjustments.

### c) Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected. Significant estimates and judgments made by management in the preparation of these consolidated financial statements are outlined below.

#### Oil and gas activities

Reserves estimates, although not reported as part of the Company's consolidated financial statements, can have a significant effect on net income, assets and liabilities as a result of their impact on depletion, depreciation and amortization ("DD&A"), decommissioning liability, deferred taxes, asset impairments and business combinations. Independent petroleum reservoir engineers perform evaluations of the Company's oil and gas reserves on an annual basis. The estimation of reserves is an inherently complex process requiring significant judgment. Estimates of economically recoverable oil and gas reserves are based upon a number of variables and assumptions such as geoscientific interpretation, production forecasts, commodity prices, costs and related future cash flows, all of which may vary considerably from actual results. These estimates are expected to be revised upward or downward over time, as additional information such as reservoir performance becomes available, or as economic conditions change.

For purposes of impairment testing, property, plant and equipment ("PP&E") is aggregated into cash-generating units ("CGUs"), based on separately identifiable and largely independent cash inflows. The determination of the Company's CGUs is subject to judgment. Factors considered in the classification of CGUs include the integration between assets, shared infrastructures, the existence of common sales points, geography, geologic structure and the manner in which management monitors and makes decisions regarding operations.

The determination of technical feasibility and commercial viability, based on the presence of reserves and which results in the transfer of assets from exploration and evaluation ("E&E") to PP&E, is subject to judgment.

#### Decommissioning liability

Upon retirement of its oil and gas assets, the Company anticipates incurring substantial costs associated with decommissioning. Estimates of these costs are subject to uncertainty associated with the method, timing and extent of future decommissioning activities. The liability, the related asset and the expense are impacted by estimates with respect to the cost and timing of decommissioning.

### Business combinations

Business combinations are accounted for using the acquisition method of accounting. The determination of fair value often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of PP&E and E&E assets acquired generally require the most judgment and include estimates of reserves acquired, forecast benchmark commodity prices and discount rates. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill. Future net earnings can be affected as a result of changes in future DD&A, asset impairment or goodwill impairment.

### Fair value measurement

The estimated fair value of derivative instruments resulting in derivative assets and liabilities, by their very nature, are subject to measurement uncertainty. Estimates included in the determination of the fair value of derivative instruments include forward benchmark prices, discount rates and forward foreign exchange rates.

### Joint control

Judgment is required to determine when the Company has joint control over an arrangement, which requires an assessment of the capital and operating activities of the projects it undertakes with partners and when the decisions in relation to those activities require unanimous consent.

### Share-based compensation

Compensation costs recorded pursuant to share-based compensation plans are subject to estimated fair values, forfeiture rates and the future attainment of performance criteria.

### Income taxes

Tax regulations and legislation and the interpretations thereof are subject to change. In addition, deferred income tax assets and liabilities recognize the extent that temporary differences will be receivable and payable in future periods. The calculation of the asset and liability involves a significant amount of estimation including an evaluation of when the temporary differences will reverse, an analysis of the amount of future taxable earnings, the availability of cash flows including reserve estimates and the application of tax laws. Changes in tax regulations and legislation and the other assumptions listed are subject to measurement uncertainty.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently by the Company and its subsidiaries for all periods presented in these annual consolidated financial statements.

### **a) Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and its subsidiaries and any reference to the "Company" throughout these consolidated financial statements refers to the Company and its subsidiaries. All transactions between the Company and its subsidiaries have been eliminated.

The Company conducts some of its oil and gas production activities through jointly controlled operations and the financial statements reflect only the Company's proportionate interest in such activities. Joint control exists for contractual arrangements governing the Company's assets whereby the Company has less than 100 percent working interest, all of the partners have control of the arrangement collectively, and spending on the project requires unanimous consent of all parties that collectively control the arrangement and share the associated risks. The Company does not have any joint arrangements that are material to the Company or that are structured through joint venture arrangements.

### **b) Property, Plant and Equipment**

Items of PP&E, which primarily consist of oil and gas development and production assets, are measured at cost less accumulated depletion, depreciation and any accumulated impairment losses. Development and production assets are accumulated into CGUs and represent the cost of developing the commercial reserves and initiating production.

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of PP&E are recognized as development and production assets only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in net income as incurred. Capitalized development and production assets generally represent costs incurred in developing reserves and initiating or enhancing production from such reserves. The carrying amount of any replaced or sold component is derecognized.

#### **Depletion and Depreciation**

Development and production costs accumulated within major areas are depleted using the unit-of-production method based on estimated proved plus probable reserves before royalties, as determined by independent petroleum reservoir engineers. Natural gas reserves and production are converted to equivalent barrels of oil based upon the relative energy content (6:1). The depletion base includes capitalized costs, plus future costs to be incurred in developing proved plus probable reserves.

Corporate assets are depreciated over the estimated useful lives of the related assets, ranging from 5 to 16 years on a straight-line basis.

## **Impairment**

The carrying amounts of PP&E are grouped into CGUs and reviewed quarterly for indicators of impairment. Indicators are events or changes in circumstances that indicate the carrying amount may not be recoverable. If indicators of impairment exist, the recoverable amount of the CGU is estimated. If the carrying amount of the CGU, adjusted for the discounted abandonment and reclamation costs on proved plus probable undeveloped oil and gas reserves, exceeds the recoverable amount, the CGU is written down with an impairment recognized in net income.

Assets are grouped into CGUs based on the integration between assets, shared infrastructures, the existence of common sales points, geography, geologic structure and the manner in which management monitors and makes decisions regarding operations. Estimates of future cash flows used in the calculation of the recoverable amount are based on reserve evaluation reports prepared by independent petroleum reservoir engineers. The recoverable amount is the higher of fair value less costs of disposal and the value-in-use. Fair value less costs of disposal is derived by estimating the discounted after-tax future net cash flows from proved plus probable oil and gas reserves. Discounted future net cash flows are based on forecasted commodity prices and costs over the expected economic life of the reserves and discounted using market-based rates to reflect a market participant's view of the risks associated with the assets. Value-in-use is assessed using the expected future cash flows from proved plus probable oil and gas reserves discounted at a pre-tax rate.

Impairment losses recognized in prior periods, other than goodwill impairments, are assessed at each reporting date for any indicators that the impairment losses may no longer exist or may have decreased. In the event that an impairment loss reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the carrying amount does not exceed the amount that would have been determined, net of depletion, had no impairment loss been recognized on the asset in prior periods. The amount of the reversal is recognized in net income.

### **c) Exploration and Evaluation**

Exploration and evaluation assets are comprised of the accumulated expenditures incurred in an area where technical feasibility and commercial viability has not yet been determined. Exploration and evaluation assets include undeveloped land and any drilling costs thereon.

Technical feasibility and commercial viability are considered to be determinable when reserves are discovered. Upon determination of reserves, E&E assets attributable to those reserves are first tested for impairment and then reclassified from E&E assets to PP&E.

Costs incurred prior to acquiring the legal rights to explore an area are expensed as incurred.

#### **Amortization**

Undeveloped land classified as E&E is amortized by major area over the average primary lease term and recognized in net income. Drilling costs classified as E&E assets are not amortized but are subject to impairment.

#### **Impairment**

Exploration and evaluation assets are reviewed quarterly for indicators of impairment and upon reclassification from E&E to PP&E. Exploration and evaluation assets are tested for impairment at the operating segment level by combining E&E assets with PP&E, adjusted for the discounted abandonment and reclamation costs on proved plus probable undeveloped oil and gas reserves as described in the PP&E impairment test. The recoverable amount is the greater of fair value less costs of disposal or value-in-use. Fair value less costs of disposal is derived by estimating the discounted after-tax future net cash flows from proved plus probable oil and gas reserves, plus the fair market value of undeveloped land. Value-in-use is assessed using the expected future cash flows from proved plus probable oil and gas reserves discounted at a pre-tax rate.

Impairments of E&E assets are reversed when there has been a subsequent increase in the recoverable amount, but only to the extent of what the carrying amount would have been, net of amortization, had no impairment been recognized.

### **d) Decommissioning Liability**

The Company recognizes the present value of a decommissioning liability in the period in which it is incurred. The obligation is recorded as a liability on a discounted basis using the relevant risk free rate, with a corresponding increase to the carrying amount of the related asset. Over time, the liabilities are accreted for the change in their present value and the capitalized costs are depleted on a unit-of-production basis over the life of the underlying proved plus probable reserves. Accretion expense is recognized in net income. Revisions to the discount rate, estimated timing or amount of future cash flows would also result in an increase or decrease to the decommissioning liability and related asset.

### **e) Reclamation Fund**

The Company established a reclamation fund to fund future decommissioning costs and environmental initiatives. Effective January 1, 2017, the Board of Directors approved contributions of \$0.35 per barrel of oil equivalent of production. There were no contributions to the fund during 2016. Additional contributions can be made at the discretion of management. Management continued to make contributions to the fund during 2018.

## **f) Goodwill**

The Company records goodwill relating to business combinations when the purchase price exceeds the fair value of the net identifiable assets and liabilities of the acquired business. The goodwill balance is assessed for impairment annually or as events occur that could result in impairment. Goodwill is tested for impairment at an operating segment level by combining the carrying amounts of PP&E, adjusted for the discounted abandonment and reclamation costs on proved plus probable undeveloped oil and gas reserves as described in the PP&E impairment test, E&E assets and goodwill and comparing this to the recoverable amount. The recoverable amount is the greater of fair value less costs of disposal or value-in-use. Fair value less costs of disposal is derived by estimating the discounted after-tax future net cash flows from proved plus probable oil and gas reserves, plus the fair market value of undeveloped land. Value-in-use is assessed using the expected future cash flows from proved plus probable oil and gas reserves discounted at a pre-tax rate. Any excess of the carrying amount over the recoverable amount is the impairment amount. Impairment charges, which are not tax affected, are recognized in net income. Goodwill is reported at cost less any accumulated impairment. Goodwill impairments are not reversed.

## **g) Share-based Compensation**

Restricted shares granted under the Restricted Share Bonus Plan are accounted for at fair value. Share-based compensation expense is determined based on the estimated fair value of shares on the date of grant. Forfeitures are estimated at the grant date. The expense is recognized over the service period, with a corresponding increase to contributed surplus. The Company capitalizes the portion of share-based compensation directly attributable to development activities, with a corresponding decrease to share-based compensation expense. At the time the restricted shares vest, the issuance of shares is recorded as an increase to shareholders' capital and a corresponding decrease to contributed surplus.

Performance share units ("PSUs") are accounted for at fair value. Share-based compensation expense is determined based on the estimated fair value of the PSUs on the date of the grant and subsequently adjusted to reflect the fair value at each period end. Market performance conditions are factored into the fair value and the best estimate of non-market performance conditions is used to determine an estimate of the number of units that will vest. Fair value is based on the expected cash payment per PSU and the expected number of PSUs to vest, calculated from multipliers based on internal and external performance metrics. The expense is recognized over the service period, with a corresponding increase to long-term compensation liability. PSUs are settled in cash upon vesting based on the prevailing Crescent Point share price, accrued dividends and the performance multipliers.

Deferred share units ("DSUs") are accounted for at fair value. Share-based compensation expense is determined based on the estimated fair value of the DSUs on the date of the grant and subsequently adjusted to reflect the fair value at each period end. Fair value is based on the prevailing Crescent Point share price.

## **h) Income Taxes**

The Company follows the liability method of accounting for income taxes. Under this method, deferred income taxes are recognized for the estimated effect of any differences between the accounting and tax basis of assets and liabilities, using enacted or substantively enacted income tax rates expected to apply when the deferred tax asset or liability is settled. The effect of a change in income tax rates on deferred income taxes is recognized in net income in the period in which the change occurs.

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The Company is able to deduct certain settlements under its Restricted Share Bonus Plan. To the extent the tax deduction exceeds the cumulative remuneration cost for a particular restricted share grant recorded in net income, the tax benefit related to the excess is recorded directly within equity.

Deferred income tax assets and liabilities are presented as non-current.

## **i) Financial Instruments**

The Company has early adopted IFRS 9, *Financial Instruments* ("IFRS 9"), with a date of initial application of January 1, 2010. This standard replaced the current multiple classification and measurement model for non-equity financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. Classification depends on the entity's business model for managing financial instruments and the contractual cash flow characteristics of the financial instrument.

In addition, the fair value option for financial liabilities was amended. The changes in fair value attributable to a liability's credit risk will be recorded in other comprehensive income rather than through net income, unless this presentation creates an accounting mismatch. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to net income.

For investments in equity instruments which are not subject to control, joint control, or significant influence, on initial recognition IFRS 9 allows an entity to irrevocably elect classification at "fair value through profit or loss" or "fair value through other comprehensive income".

Effective January 1, 2013, the Company adopted the amendment to IFRS 9 which presented a new hedge accounting model. The Company does not currently apply hedge accounting. In July 2014, IFRS 9 was further amended to include guidance to assess and recognize impairment losses on financial assets based on an expected loss model. This amendment was adopted by the Company on January 1, 2018. See Note 4 - "Changes in Accounting Policies" for additional information regarding future changes in accounting policies.

The Company uses financial derivative instruments and physical delivery commodity contracts from time to time to reduce its exposure to fluctuations in commodity prices, foreign exchange rates and interest rates. The Company also makes investments in companies from time to time in connection with the Company's acquisition and divestiture activities.

#### Financial derivative instruments

Financial derivative instruments are included in current assets/liabilities except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets/liabilities.

The Company has not designated any of its financial derivative contracts as effective accounting hedges and, accordingly, fair values its financial derivative contracts with the resulting gains and losses recorded in net income.

The fair value of a financial derivative instrument on initial recognition is normally the transaction price. Subsequent to initial recognition, the fair values are based on quoted market prices where available from active markets, otherwise fair values are estimated based on market prices at the reporting date for similar assets or liabilities with similar terms and conditions, or by discounting future payments of interest and principal at estimated interest rates that would be available to the Company at the reporting date.

#### Financial assets and liabilities

Financial assets and liabilities are measured at fair value on initial recognition. For non-equity instruments, measurement in subsequent periods depends on the classification of the financial asset or liability as "fair value through profit or loss" or "amortized cost".

Financial assets and liabilities classified as fair value through profit or loss are subsequently carried at fair value, with changes recognized in net income.

Financial assets and liabilities classified as amortized cost are subsequently carried at amortized cost using the effective interest rate method.

Currently, the Company classifies all non-equity financial instruments which are not financial derivative instruments as amortized cost.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset carried at amortized cost is impaired. If such evidence exists, the Company recognizes an impairment loss in net income. Impairment losses are reversed in subsequent periods if the impairment loss decrease can be related objectively to an event occurring after the impairment was recognized.

For investments in equity instruments, the subsequent measurement is dependent on the Company's election to classify such instruments as fair value through profit or loss or fair value through other comprehensive income. Currently, the Company classifies all investments in equity instruments as fair value through profit or loss, whereby the Company recognizes movements in the fair value of the investment (adjusted for dividends) in net income. If the fair value through other comprehensive income classification is selected, the Company would recognize any dividends from the investment in net income and would recognize fair value re-measurements of the investment in other comprehensive income.

### **j) Business Combinations**

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. The excess of the cost of the acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets acquired, the difference is recognized immediately in net income. Transaction costs associated with business combinations are expensed as incurred.

### **k) Foreign Currency Translation**

#### Foreign operations

The Company has operations in the U.S. transacted via U.S. subsidiaries. The assets and liabilities of foreign operations are restated to Canadian dollars at exchange rates in effect at the balance sheet date. The income and expenses of foreign operations are translated to Canadian dollars using the average exchange rate for the period. The resulting unrealized gain or loss is included in other comprehensive income.

#### Foreign transactions

Transactions in foreign currencies not incurred by the Company's U.S. subsidiaries are translated to Canadian dollars at exchange rates in effect at the transaction dates. Foreign currency assets and liabilities are restated to Canadian dollars at exchange rates in effect at the balance sheet date and income and expenses are restated to Canadian dollars using the average exchange rate for the period. Both realized and unrealized gains and losses resulting from the settlement or restatement of foreign currency transactions are included in net income.

#### **l) Revenue Recognition**

Oil and gas revenue includes the sale of crude oil, natural gas and natural gas liquids and is recognized when the risks and rewards of ownership have been substantially transferred.

#### **m) Cash and Cash Equivalents**

Cash and cash equivalents include short-term investments with original maturities of three months or less.

#### **n) Leases**

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Leases where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases within property, plant and equipment.

All of the Company's current leases are treated as operating leases and are recognized in net income on a straight-line basis.

#### **o) Earnings Per Share**

Basic earnings per share ("EPS") is calculated by dividing the net income for the period attributable to equity owners of the Company by the weighted average number of common shares outstanding during the period.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to dilutive instruments, being restricted shares issued under the Company's Restricted Share Bonus Plan, is computed using the treasury stock method. The treasury stock method assumes that the deemed proceeds related to unrecognized share-based compensation are used to repurchase shares at the average market price during the period.

#### **p) Assets Held for Sale**

PP&E and E&E assets are classified as held for sale if it is highly probable their carrying amounts will be recovered through a capital disposition rather than through future operating cash flows. This classification requires that, at the balance sheet date, the Company has been engaged in an active sales process to market the properties at a price approximating their fair value, with a transaction expected to close within one year. Before PP&E and E&E assets are classified as held for sale, they are assessed for indicators of impairment or reversal of previously recorded impairments and are measured at the lower of their carrying amount and fair value less costs of disposal. Any impairment charges or recoveries are recognized in net income. Assets held for sale are classified as current assets and are not subject to DD&A. Decommissioning liabilities associated with assets held for sale are classified as current liabilities.

### **4. CHANGES IN ACCOUNTING POLICIES**

In future accounting periods, the Company will adopt the following IFRS:

- IFRS 15 *Revenue from Contracts with Customers* - IFRS 15 was issued in May 2014 and replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. The standard is required to be adopted either retrospectively or using a modified transaction approach. In September 2015, the IASB amended IFRS 15, deferring the effective date of the standard by one year to annual periods beginning on or after January 1, 2018 with early adoption still permitted. IFRS 15 was adopted by the Company using a modified transaction approach on January 1, 2018. The Company completed the review of its various revenue streams and sales contracts with customers and concluded that the adoption of IFRS 15 will not have a material impact on the consolidated financial statements. The adoption of IFRS 15 will require the Company to expand its disclosures in the notes to the consolidated financial statements, including the disaggregation of revenue streams by product type.
- IFRS 9 *Financial Instruments* - IFRS 9 was amended in July 2014 to include guidance to assess and recognize impairment losses on financial assets based on an expected loss model. The amendments are effective for fiscal years beginning on or after January 1, 2018 with earlier adoption permitted. This amendment was adopted by the Company on January 1, 2018. The Company has evaluated the impact of the amendment on the consolidated financial statements and the amendment will not have a material impact on the valuation of its financial assets.

- IFRS 16 *Leases* - IFRS 16 was issued January 2016 and replaces IAS 17 *Leases* and IFRIC 4 *Determining Whether an Arrangement Contains a Lease*. The standard introduces a single lessee accounting model for leases with required recognition of assets and liabilities for most leases, where the Company is acting as a lessee. The adoption of IFRS 16 for lessees eliminates the dual classification model of leases as either operating leases or finance leases, effectively treating almost all leases as finance leases. Certain short-term leases (less than 12 months) and leases of low-value assets are exempt from recognition and will continue to be treated as operating leases. There is no significant impact from the adoption of IFRS 16 for lessors as the dual classification model of leases and the accounting for lessors remains virtually unchanged. The standard is effective for fiscal years beginning on or after January 1, 2019 with early adoption permitted if the Company is also applying IFRS 15 *Revenue from Contracts with Customers*. The standard is required to be adopted either retrospectively or using a modified retrospective approach. IFRS 16 will be adopted by the Company on January 1, 2019 and the Company is currently assessing the standard including identifying and reviewing contracts that are impacted. The Company expects that the standard will have a material impact on the consolidated financial statements.

## 5. LONG-TERM INVESTMENTS

(\$ millions)	2017	2016
Investments in public companies, beginning of year	28.3	22.8
Acquired through capital dispositions	40.2	—
Unrealized gain (loss) recognized in other income (loss)	(3.4)	5.5
Investments in public companies, end of year	65.1	28.3
Investment in private company, beginning of year	7.5	7.5
Unrealized gain (loss) recognized in other income (loss)	—	—
Investment in private company, end of year <sup>(1)</sup>	7.5	7.5
Long-term investments, end of year	72.6	35.8

- (1) The investment in a private company was previously valued based primarily on recent trading activity in the company's common shares, which resulted in a Level 2 fair value. At December 31, 2017, the investment was valued based on an estimate of the net asset value of the company's common shares. Therefore, the fair value was reclassified to Level 3.

### a) Public Companies

The Company holds common shares in publicly traded oil and gas companies. The investments are classified as financial assets at fair value through profit or loss and are fair valued at each period with the resulting gain or loss recorded in net income. At December 31, 2017, the investments were recorded at a fair value of \$65.1 million which was \$14.4 million more than the original cost of the investments. At December 31, 2016, the investments were recorded at a fair value of \$28.3 million which was \$17.7 million more than the original cost of the investments.

### b) Private Company

The Company holds common shares in a private oil and gas company. The investment is classified as financial assets at fair value through profit or loss and is fair valued at each period with the resulting gain or loss recorded in net income. At December 31, 2017 and December 31, 2016, the investment was recorded at a fair value of \$7.5 million which was \$17.5 million less than the original cost of the investment. See Note 24 - "Financial Instruments and Derivatives" for additional information regarding the Company's Level 3 investments.

## 6. OTHER LONG-TERM ASSETS

(\$ millions)	2017	2016
Reclamation fund	18.7	22.7
Other receivables	15.8	14.0
Other long-term assets	34.5	36.7

### a) Reclamation fund

The following table reconciles the reclamation fund:

(\$ millions)	2017	2016
Balance, beginning of year	22.7	49.5
Contributions	22.5	—
Expenditures	(26.5)	(26.8)
Balance, end of year	18.7	22.7

**b) Other receivables**

At December 31, 2017, the Company had investment tax credits of \$15.8 million (December 31, 2016 - \$14.0 million).

**7. EXPLORATION AND EVALUATION ASSETS**

(\$ millions)	2017	2016
Exploration and evaluation assets at cost	2,305.1	2,080.7
Accumulated amortization	(1,670.2)	(1,582.6)
Net carrying amount	634.9	498.1
<b>Reconciliation of movements during the year</b>		
Cost, beginning of year	2,080.7	1,961.0
Accumulated amortization, beginning of year	(1,582.6)	(1,420.3)
Net carrying amount, beginning of year	498.1	540.7
Net carrying amount, beginning of year	498.1	540.7
Acquisitions through business combinations, net	116.9	62.9
Additions	729.1	314.8
Dispositions	(12.9)	(0.4)
Transfers to property, plant and equipment	(541.4)	(238.3)
Amortization	(134.3)	(172.5)
Foreign exchange	(20.6)	(9.1)
Net carrying amount, end of year	634.9	498.1

Exploration and evaluation assets consist of the Company's undeveloped land and exploration projects which are pending the determination of technical feasibility. Additions represent the Company's share of the cost of E&E assets. At December 31, 2017, \$634.9 million remained in E&E assets after \$541.4 million was transferred to PP&E following the determination of technical feasibility during the year ended December 31, 2017 (year ended December 31, 2016 - \$498.1 million and \$238.3 million, respectively).

**Impairment test of exploration and evaluation assets**

There were no indicators of impairment at December 31, 2017 or December 31, 2016.

**8. CAPITAL ACQUISITIONS AND DISPOSITIONS**

In the year ended December 31, 2017, the Company incurred \$3.7 million (December 31, 2016 - \$2.3 million) of transaction costs related to acquisitions through business combinations and dispositions that were recorded as general and administrative expenses.

**Minor Property Acquisitions and Dispositions**

Crescent Point completed minor property acquisitions and dispositions during the year ended December 31, 2017 (\$112.5 million net disposed PP&E, including \$41.4 million related to net disposed decommissioning liability, and \$104.0 million net acquired E&E assets). These minor property acquisitions and dispositions were completed with full tax pools and no working capital items.

## 9. PROPERTY, PLANT AND EQUIPMENT

(\$ millions)	2017	2016
Development and production assets	25,881.1	24,846.9
Corporate assets	106.4	102.4
Property, plant and equipment at cost	25,987.5	24,949.3
Accumulated depletion, depreciation and impairment	(11,925.1)	(10,774.4)
Net carrying amount	14,062.4	14,174.9
<b>Reconciliation of movements during the year</b>		
<b>Development and production assets</b>		
Cost, beginning of year	24,846.9	23,677.4
Accumulated depletion and impairment, beginning of year	(10,735.5)	(8,795.5)
Net carrying amount, beginning of year	14,111.4	14,881.9
Net carrying amount, beginning of year	14,111.4	14,881.9
Acquisitions through business combinations, net	220.2	218.2
Additions	1,211.8	909.5
Dispositions, net	(332.7)	(56.4)
Transfers from exploration and evaluation assets	541.4	238.3
Reclassified as assets held for sale	(26.4)	—
Depletion	(1,394.4)	(1,427.0)
Impairment	(203.6)	(611.4)
Foreign exchange	(123.7)	(41.7)
Net carrying amount, end of year	14,004.0	14,111.4
Cost, end of year	25,881.1	24,846.9
Accumulated depletion and impairment, end of year	(11,877.1)	(10,735.5)
Net carrying amount, end of year	14,004.0	14,111.4
<b>Corporate assets</b>		
Cost, beginning of year	102.4	101.5
Accumulated depreciation, beginning of year	(38.9)	(29.7)
Net carrying amount, beginning of year	63.5	71.8
Net carrying amount, beginning of year	63.5	71.8
Additions	4.2	0.9
Depreciation	(9.1)	(9.2)
Foreign exchange	(0.2)	—
Net carrying amount, end of year	58.4	63.5
Cost, end of year	106.4	102.4
Accumulated depreciation, end of year	(48.0)	(38.9)
Net carrying amount, end of year	58.4	63.5

At December 31, 2017, future development costs of \$7.00 billion (December 31, 2016 - \$6.75 billion) were included in costs subject to depletion.

Direct general and administrative costs capitalized by the Company during the year ended December 31, 2017 were \$50.4 million (year ended December 31, 2016 - \$47.9 million), including \$12.0 million of share-based compensation costs (year ended December 31, 2016 - \$14.3 million).

At December 31, 2017, the Company classified certain non-operated assets in Saskatchewan as held for sale. Immediately prior to classifying the assets as held for sale, the Company conducted a review of the assets' recoverable amounts based on expected consideration to be received and transferred these assets at their carrying amount, with no impairment or recovery recognized.

### Impairment test of property, plant and equipment

For the purposes of determining whether impairment of assets has occurred, and the extent of any impairment or its reversal, management exercises their judgment in estimating future cash flows for the recoverable amount, being the higher of fair value less costs of disposal and value in use. These key judgments include estimates about recoverable reserves, forecast benchmark commodity prices, royalties, operating costs, capital costs and discount rates. The fair value less costs of disposal and value in use estimates are categorized as Level 3 according to the IFRS 13 fair value hierarchy.

### 2017 Impairment and recovery

For the year ended December 31, 2017, the significant decrease in near-term forecast benchmark commodity prices as compared to December 31, 2016 and the value of the Company's market capitalization as compared to net asset value were indicators of impairment. In addition, the significant changes to U.S. tax legislation in December 2017 including, among other things, a significant decrease to the federal corporate income tax rate, was an indicator of recovery in the U.S. operating segment. As a result, impairment and recovery testing were required and the Company prepared estimates of future cash flows to determine the recoverable amount of the respective assets.

The following table outlines the forecast benchmark commodity prices and the exchange rate used in the impairment calculation of PP&E at December 31, 2017:

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028 <sup>(2)</sup>
WTI (\$US/bbl) <sup>(1)</sup>	55.00	65.00	70.00	73.00	74.46	75.95	77.47	79.02	80.60	82.21	83.85
Exchange Rate (\$US/\$Cdn)	0.790	0.820	0.850	0.850	0.850	0.850	0.850	0.850	0.850	0.850	0.850
WTI (\$Cdn/bbl)	69.62	79.27	82.35	85.88	87.60	89.35	91.14	92.96	94.82	96.72	98.65
AECO (\$Cdn/MMbtu) <sup>(1)</sup>	2.85	3.11	3.65	3.80	3.95	4.05	4.15	4.25	4.36	4.46	4.57

(1) The forecast benchmark commodity prices listed above are adjusted for quality differentials, heat content, distance to market and other factors in performing the impairment tests.

(2) Forecast benchmark commodity prices are assumed to increase by 2.0% in each year after 2028 to the end of the reserve life. Exchange rates are assumed to be constant at 0.850.

At December 31, 2017, the Company determined that the carrying amount of the Southeast Saskatchewan, Southwest Saskatchewan and Southern Alberta CGUs exceeded their fair value less costs of disposal. In addition, the fair value less costs of disposal of the Northern U.S. and Utah CGUs exceeded their carrying amount. The full amount of the impairments and recoveries were attributed to PP&E and, as a result, net impairment losses of \$203.6 million were recorded as a component of depletion, depreciation, amortization and impairment expense.

The following table summarizes the impairment and recovery for the year ended December 31, 2017 by CGU:

CGU (\$ millions, except %)	Operating segment	Fair value less costs of disposal	Discount rate	(Impairment) / Recovery	(Impairment) / Recovery, net of tax
Southeast Saskatchewan <sup>(1)</sup>	Canada	6,946.2	10.25%	(281.7)	(206.1)
Southwest Saskatchewan <sup>(1)</sup>	Canada	2,412.6	10.25%	(164.1)	(120.0)
Southern Alberta <sup>(1)</sup>	Canada	1,217.9	11.00%	(109.6)	(80.2)
Northern U.S. <sup>(2)</sup>	U.S.	976.5	10.50%	87.9	54.6
Utah <sup>(2)</sup>	U.S.	1,482.4	10.25%	263.9	164.0
Total impairment <sup>(3)</sup>				(203.6)	(187.7)

(1) At September 30, 2017, the carrying amount of the Southeast Saskatchewan, Southwest Saskatchewan and Southern Alberta CGUs exceeded their fair value less costs of disposal and impairments were recorded as a component of depletion, depreciation, amortization and impairment expense.

(2) At September 30, 2017 the fair value less costs of disposal of the Northern U.S. and Utah CGUs exceeded their carrying amount and recoveries were recorded as a component of depletion, depreciation, amortization and impairment expense.

(3) At December 31, 2017, accumulated after tax impairment losses, net of depletion had no impairment loss been recognized in prior periods for the Canada and U.S. operating segments were \$1.74 billion and \$144.2 million, respectively.

The impairments in the Southeast Saskatchewan, Southwest Saskatchewan and Southern Alberta CGUs were largely a result of the decrease in near-term forecast benchmark commodity prices and the increase in discount rate reflecting the Company's higher weighted average cost of capital at December 31, 2017 compared to December 31, 2016, partially offset by the positive impact of technical and development reserve additions. The recoveries in the Northern U.S. and Utah CGUs were largely a result of the positive impact of technical and development reserve additions and the positive impact of the changes to U.S. tax legislation, partially offset by the decrease in near-term forecast benchmark commodity prices and the increase in discount rate at December 31, 2017 compared to December 31, 2016.

## 2016 Impairment and recovery

The following table outlines the forecast benchmark commodity prices and the exchange rate used in the impairment calculation of PP&E at December 31, 2016:

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027 <sup>(2)</sup>
WTI (\$US/bbl) <sup>(1)</sup>	55.00	65.00	70.00	71.40	72.83	74.28	75.77	77.29	78.83	80.41	82.02
Exchange Rate (\$US/\$Cdn)	0.780	0.820	0.850	0.850	0.850	0.850	0.850	0.850	0.850	0.850	0.850
WTI (\$Cdn/bbl)	70.51	79.27	82.35	84.00	85.68	87.39	89.14	90.93	92.74	94.60	96.49
AECO (\$Cdn/MMbtu) <sup>(1)</sup>	3.44	3.27	3.22	3.91	4.00	4.10	4.19	4.29	4.40	4.50	4.61

- (1) The forecast benchmark commodity prices listed above are adjusted for quality differentials, heat content, distance to market and other factors in performing the impairment tests.
- (2) Forecast benchmark commodity prices are assumed to increase by 2.0% in each year after 2027 to the end of the reserve life. Exchange rates are assumed to be constant at 0.850.

At December 31, 2016, the Company determined that the carrying amount of the Southeast Saskatchewan and Southwest Saskatchewan CGUs exceeded their fair value less costs of disposal. In addition, the fair value less costs of disposal of the Northern Alberta, Southern Alberta, Northern U.S. and Utah CGUs exceeded their carrying amount. The full amount of the impairments and recoveries were attributed to PP&E and, as a result, net impairment losses of \$611.4 million were recorded as a component of depletion, depreciation, amortization and impairment expense.

The following table summarizes the impairment and recovery for the year ended December 31, 2016 by CGU:

CGU (\$ millions, except %)	Operating segment	Fair value less costs of disposal	Discount rate	(Impairment) / Recovery	(Impairment) / Recovery, net of tax
Southeast Saskatchewan	Canada	7,321.2	9.75%	(375.1)	(273.8)
Southwest Saskatchewan	Canada	2,498.7	9.75%	(355.2)	(259.3)
Northern Alberta	Canada	48.1	10.25%	10.3	7.5
Southern Alberta	Canada	1,339.1	10.25%	9.8	7.2
Northern U.S.	U.S.	622.6	10.00%	56.6	35.2
Utah	U.S.	938.9	9.75%	42.2	26.2
Total impairment <sup>(1)</sup>				(611.4)	(457.0)

- (1) At December 31, 2016, accumulated after tax impairment losses, net of depletion had no impairment loss been recognized in prior periods for the Canada and U.S. operating segments were \$1.51 billion and \$383.2 million, respectively.

The impairments in the Southeast Saskatchewan and Southwest Saskatchewan CGUs were largely a result of the decrease in forecast benchmark commodity prices at December 31, 2016 compared to December 31, 2015, partially offset by the positive impact of development reserve additions, future development capital cost reductions of 12% and 8%, respectively, and improved capital efficiencies. The recoveries in the Northern Alberta, Southern Alberta, Northern U.S. and Utah CGUs were largely a result of the positive impact of technical and development reserve additions, capital and operating cost reductions and improved capital efficiencies, partially offset by the decrease in forecast benchmark commodity prices at December 31, 2016 compared to December 31, 2015. In the Northern U.S. and Utah CGUs, expected future operating costs decreased by 6% and future development capital costs decreased by 8%, respectively. In the Northern Alberta and Southern Alberta CGUs, future development capital costs decreased by 25% and 12%, respectively, and expected future operating costs decreased by 16%, respectively.

## Impairment sensitivities

Changes in any of the key judgments, such as a revision in reserves, changes in forecast benchmark commodity prices, foreign exchange rates, capital or operating costs would impact the recoverable amounts of assets and any recoveries or impairment charges would affect net income. The following sensitivities show the resulting impact on income before tax of the changes in discount rate and forecast benchmark commodity price estimates at December 31, 2017, with all other variables held constant:

CGU (\$ millions)	Discount Rate		Commodity Prices	
	Increase 1%	Decrease 1%	Increase 5%	Decrease 5%
Southeast Saskatchewan	(559.4)	627.7	831.9	(839.6)
Southwest Saskatchewan	(209.6)	235.6	306.0	(305.7)
Southern Alberta	(114.3)	128.1	176.7	(175.8)
Northern U.S.	—	—	—	—
Utah	(103.6)	116.4	174.9	(173.6)
Increase (decrease)	(986.9)	1,107.8	1,489.5	(1,494.7)

The following sensitivities show the resulting impact on income before tax of the changes in discount rate and forecast benchmark commodity price estimates at December 31, 2016, with all other variables held constant:

CGU (\$ millions)	Discount Rate		Commodity Prices	
	Increase 1%	Decrease 1%	Increase 5%	Decrease 5%
Southeast Saskatchewan	(605.4)	666.9	666.9	(891.9)
Southwest Saskatchewan	(222.6)	249.6	311.3	(321.7)
Northern Alberta	—	—	—	—
Southern Alberta	(134.0)	150.1	204.6	(209.7)
Northern U.S.	(58.2)	66.8	96.3	(99.8)
Utah	(76.4)	85.8	129.0	(127.9)
Increase (decrease)	(1,096.6)	1,219.2	1,408.1	(1,651.0)

## 10. GOODWILL

At December 31, 2017, the Company had goodwill of \$251.9 million (December 31, 2016 - \$251.9 million). Goodwill has been assigned to the Canadian operating segment.

### Impairment test of goodwill

As a result of the impairment test of goodwill at December 31, 2017 and December 31, 2016, determined based on fair value less costs of disposal, the Company concluded that the estimated recoverable amount exceeded the carrying amount. As such, no goodwill impairment was recorded. The fair value measurement of the recoverable amount of the Canadian operating segment is categorized as Level 3 according to the IFRS 13 fair value hierarchy. Refer to Note 9 - "Property, Plant and Equipment" for a description of the key input estimates and the methodology used in the determination of the estimated recoverable amount related to goodwill.

## 11. OTHER CURRENT LIABILITIES

(\$ millions)	2017	2016
Long-term compensation liability <sup>(1)</sup>	17.7	—
Lease inducement	3.4	—
Onerous contracts provision	2.9	—
Decommissioning liability	33.7	23.7
Other current liabilities	57.7	23.7

(1) The current portion of long-term compensation liability relates to the PSU Plan. See Note 22 - "Share-based Compensation" for additional information.

## 12. LONG-TERM DEBT

The following table reconciles long-term debt:

(\$ millions)	2017	2016
Bank debt	2,179.0	1,672.1
Senior guaranteed notes <sup>(1)</sup>	1,932.0	2,148.6
Long-term debt	4,111.0	3,820.7
Long-term debt due within one year	63.8	90.6
Long-term debt due beyond one year	4,047.2	3,730.1

(1) The Company entered into cross currency swaps and a foreign exchange swap concurrent with the issuance of the US dollar senior guaranteed notes to fix the US dollar amount of the notes for the purpose of principal repayment at Canadian dollar notional amounts. At December 31, 2017, the total principal due on the maturity of the senior guaranteed notes was \$1.67 billion (December 31, 2016 - \$1.74 billion) of which \$50.3 million (December 31, 2016 - \$68.9 million) was due within one year.

### Bank Debt

The Company has combined credit facilities of \$3.60 billion, including a \$3.50 billion syndicated unsecured credit facility with fourteen banks and a \$100.0 million unsecured operating credit facility with one Canadian chartered bank. The syndicated unsecured credit facility also includes an accordion feature that allows the Company to increase the facility by up to \$500.0 million under certain conditions. The current maturity date of the syndicated unsecured credit facility and the unsecured operating credit facility is June 10, 2020. Both of these facilities constitute revolving credit facilities and are extendible annually.

The credit facilities bear interest at the applicable market rate plus a margin based on a sliding scale ratio of the Company's senior debt to earnings before interest, taxes, depletion, depreciation, amortization and impairment, adjusted for certain non-cash items including unrealized derivatives, unrealized foreign exchange, equity settled share-based compensation expense and accretion ("adjusted EBITDA").

The credit facilities and senior guaranteed notes have covenants which restrict the Company's ratio of senior debt to adjusted EBITDA to a maximum of 3.5:1.0, the ratio of total debt to adjusted EBITDA to a maximum of 4.0:1.0 and the ratio of senior debt to capital, adjusted for certain non-cash items as noted above, to a maximum of 0.55:1.0. The Company was in compliance with all debt covenants at December 31, 2017.

The Company had letters of credit in the amount of \$7.5 million outstanding at December 31, 2017 (December 31, 2016 - \$0.5 million).

The Company manages its credit facilities through a combination of bankers' acceptance loans, US dollar LIBOR loans and interest rate swaps.

### Senior Guaranteed Notes

The Company has closed private offerings of senior guaranteed notes raising total gross proceeds of US\$1.39 billion and Cdn\$197.0 million. The notes are unsecured and rank *pari passu* with the Company's bank credit facilities and carry a bullet repayment on maturity. The senior guaranteed notes have financial covenants similar to those of the combined credit facilities described above. The terms, rates, amounts due on maturity and carrying amounts of the Company's outstanding senior guaranteed notes are detailed below:

Principal (\$ millions)	Coupon Rate	Principal Due on Maturity <sup>(1)</sup> (Cdn\$ millions)	Interest Payment Dates	Maturity Date	Financial statement carrying value	
					2017	2016
US\$67.5	5.48%	—	September 24 and March 24	March 24, 2017	—	90.6
US\$31.0	4.58%	29.9	October 14 and April 14	April 14, 2018	38.8	41.6
US\$20.0	2.65%	20.4	December 12 and June 12	June 12, 2018	25.0	26.9
Cdn\$7.0	4.29%	7.0	November 22 and May 22	May 22, 2019	7.0	7.0
US\$68.0	3.39%	66.7	November 22 and May 22	May 22, 2019	85.1	91.3
US\$155.0	6.03%	158.3	September 24 and March 24	March 24, 2020	194.0	208.1
Cdn\$50.0	5.53%	50.0	October 14 and April 14	April 14, 2021	50.0	50.0
US\$82.0	5.13%	79.0	October 14 and April 14	April 14, 2021	102.7	110.1
US\$52.5	3.29%	56.3	December 20 and June 20	June 20, 2021	65.7	70.5
Cdn\$25.0	4.76%	25.0	November 22 and May 22	May 22, 2022	25.0	25.0
US\$200.0	4.00%	199.1	November 22 and May 22	May 22, 2022	250.4	268.5
Cdn\$10.0	4.11%	10.0	December 12 and June 12	June 12, 2023	10.0	10.0
US\$270.0	3.78%	274.7	December 12 and June 12	June 12, 2023	338.0	362.5
Cdn\$40.0	3.85%	40.0	December 20 and June 20	June 20, 2024	40.0	40.0
US\$257.5	3.75%	276.4	December 20 and June 20	June 20, 2024	322.4	345.7
Cdn\$65.0	3.94%	65.0	October 22 and April 22	April 22, 2025	65.0	65.0
US\$230.0	4.08%	291.1	October 22 and April 22	April 22, 2025	287.9	308.9
US\$20.0	4.18%	25.3	October 22 and April 22	April 22, 2027	25.0	26.9
Senior guaranteed notes		1,674.2			1,932.0	2,148.6
Senior guaranteed notes due within one year					63.8	90.6
Senior guaranteed notes due beyond one year					1,868.2	2,058.0

(1) Includes underlying derivatives which manage the Company's foreign exchange exposure on its US dollar senior guaranteed notes. The Company considers this to be the economic amount due at maturity instead of the financial statement carrying amount. During the year ended December 31, 2017, \$68.9 million (year ended December 31, 2016 - \$50.1 million) was repaid on the maturity of senior guaranteed notes.

Concurrent with the issuance of US\$1.36 billion senior guaranteed notes, the Company entered into cross currency swaps ("CCS") to manage the Company's foreign exchange risk. The CCS fix the US dollar amount of the notes for purposes of interest and principal repayments at a notional amount of \$1.44 billion. Concurrent with the issuance of US\$30.0 million senior guaranteed notes, the Company entered a foreign exchange swap which fixed the principal repayment at a notional amount of \$32.2 million. See Note 24 - "Financial Instruments and Derivatives" for additional information.

### 13. OTHER LONG-TERM LIABILITIES

(\$ millions)	2017	2016
Long-term compensation liability <sup>(1)</sup>	5.2	3.7
Lease inducement <sup>(2)</sup>	40.0	43.6
Onerous contracts provision <sup>(3)</sup>	8.8	7.3
Other long-term liabilities	54.0	54.6

- (1) Long-term compensation liability relates to the PSU and DSU Plans. See Note 22 - "Share-based Compensation" for additional information.
- (2) The Company's lease inducement is associated with the building lease for Crescent Point's corporate office. This non-cash liability is amortized on a straight-line basis over the term of the lease to June 2030.
- (3) Onerous contracts provision is related to the estimated unrecoverable portion of building leases.

### 14. DECOMMISSIONING LIABILITY

The following table reconciles the decommissioning liability:

(\$ millions)	2017	2016
Decommissioning liability, beginning of year	1,314.4	1,255.4
Liabilities incurred	39.9	43.1
Liabilities acquired through capital acquisitions	25.1	23.7
Liabilities disposed through capital dispositions	(66.5)	(10.7)
Liabilities settled	(25.1)	(16.0)
Revaluation of acquired decommissioning liabilities <sup>(1)</sup>	42.8	36.1
Change in estimated future costs	2.8	(27.1)
Change in discount rate	(7.2)	(14.5)
Accretion expense	30.3	25.9
Reclassified as liabilities associated with assets held for sale	(4.6)	—
Foreign exchange	(7.7)	(1.5)
Decommissioning liability, end of year	1,344.2	1,314.4
Expected to be incurred within one year	33.7	23.7
Expected to be incurred beyond one year	1,310.5	1,290.7

- (1) These amounts relate to the revaluation of acquired decommissioning liabilities at the end of the period using a risk-free discount rate. At the date of acquisition, acquired decommissioning liabilities are fair valued.

The total future decommissioning liability was estimated by management based on the Company's net ownership in all wells and facilities. This includes all estimated costs to reclaim and abandon the wells and facilities and the estimated timing of the costs to be incurred in future periods. The Company has estimated the net present value of its total decommissioning liability to be \$1.34 billion at December 31, 2017 (December 31, 2016 - \$1.31 billion) based on total estimated undiscounted cash flows to settle the obligation of \$1.41 billion (December 31, 2016 - \$1.37 billion). These obligations are expected to be settled through 2051, with the majority expected after 2036. Upon retirement of its oil and gas assets, the Company anticipates substantial costs associated with decommissioning. The estimated cash flows have been discounted using a risk free rate of approximately 2.25 percent and an inflation rate of 2 percent (December 31, 2016 - approximately 2.25 percent and 2 percent, respectively).

### 15. SHAREHOLDERS' CAPITAL

Crescent Point has an unlimited number of common shares authorized for issuance.

	2017		2016	
	Number of shares	Amount (\$ millions)	Number of shares	Amount (\$ millions)
Common shares, beginning of year	541,742,592	16,656.1	504,935,930	15,929.7
Issued for cash	—	—	33,700,000	650.4
Issued on capital acquisitions	—	—	890,648	17.7
Issued on redemption of restricted shares <sup>(1)</sup>	4,051,792	89.6	2,216,014	58.3
Common shares, end of year	545,794,384	16,745.7	541,742,592	16,656.1
Cumulative share issue costs, net of tax	—	(256.1)	—	(255.9)
Total shareholders' capital, end of year	545,794,384	16,489.6	541,742,592	16,400.2

- (1) The amount of shares issued on redemption of restricted shares is net of any employee withholding taxes.

## 16. DEFICIT

(\$ millions)	2017	2016
Accumulated earnings (deficit)	(363.7)	(239.7)
Accumulated gain on shares issued pursuant to DRIP <sup>(1)</sup> and SDP <sup>(2)</sup>	8.4	8.4
Accumulated tax effect on redemption of restricted shares	12.1	10.1
Accumulated dividends	(7,408.6)	(7,210.9)
Deficit	(7,751.8)	(7,432.1)

(1) Premium Dividend <sup>TM</sup> and Dividend Reinvestment Plan.

(2) Share Dividend Plan.

## 17. CAPITAL MANAGEMENT

The Company's capital structure is comprised of shareholders' equity, long-term debt and adjusted working capital. The balance of each of these items is as follows:

(\$ millions)	2017	2016
Long-term debt	4,111.0	3,820.7
Adjusted working capital deficiency <sup>(1)</sup>	133.3	277.0
Unrealized foreign exchange on translation of US dollar long-term debt	(219.4)	(420.6)
Net debt	4,024.9	3,677.1
Shareholders' equity	9,162.9	9,591.2
Total capitalization	13,187.8	13,268.3

(1) Adjusted working capital deficiency is calculated as accounts payable and accrued liabilities, dividends payable and long-term compensation liability, less cash, accounts receivable, prepaids and deposits and long-term investments.

Crescent Point's objective for managing capital is to maintain a strong balance sheet and capital base to provide financial flexibility, position the Company to fund future development projects and pay dividends. The Company seeks to maximize stakeholder value through its total return strategy of long-term growth plus dividend income.

Crescent Point manages and monitors its capital structure and short-term financing requirements using a measure not defined in IFRS, the ratio of net debt to adjusted funds flow from operations. Net debt is calculated as long-term debt plus accounts payable and accrued liabilities, dividends payable and long-term compensation liability, less cash, accounts receivable, prepaids and deposits and long-term investments, excluding the unrealized foreign exchange on translation of US dollar long-term debt. Adjusted funds flow from operations is calculated as cash flow from operating activities before changes in non-cash working capital, transaction costs and decommissioning expenditures. Net debt to adjusted funds flow from operations is used to measure the Company's overall debt position and to measure the strength of the Company's balance sheet. Crescent Point's objective is to manage this metric to be well positioned to execute its business objectives during periods of volatile commodity prices. Crescent Point monitors this ratio and uses this as a key measure in making decisions regarding financing, capital spending and dividend levels. The Company's net debt to adjusted funds flow from operations ratio at December 31, 2017 was 2.3 times (December 31, 2016 - 2.3 times). The adjusted funds flow from operations only reflects adjusted funds flow from operations generated on acquired properties since the closing date of the acquisitions.

Crescent Point strives to fund its capital expenditures, decommissioning expenditures and dividends over time by managing risks associated with the oil and gas industry. To accomplish this, the Company maintains a conservative balance sheet with significant unutilized lines of credit, manages its exposure to fluctuating interest rates and foreign exchange rates on its long-term debt, and actively hedges commodity prices using a 3½ year risk management program. Unless otherwise approved by the Board of Directors, the Company can hedge benchmark prices on up to 65 percent of after royalty volumes using a portfolio of swaps, collars and put option instruments and can hedge price differentials on up to 35 percent of after royalty volumes using a combination of financial derivatives and fixed differential physical contracts. See Note 24 - "Financial Instruments and Derivatives" for additional information regarding the Company's derivative contracts.

Crescent Point is subject to certain financial covenants on its credit facilities and senior guaranteed notes agreements and was in compliance with all financial covenants as at December 31, 2017. See Note 12 - "Long-term Debt" for additional information regarding the Company's financial covenant requirements.

## 18. DERIVATIVE LOSSES

(\$ millions)	2017	2016
Realized gains	101.2	468.7
Unrealized losses	(163.6)	(706.8)
Derivative losses	(62.4)	(238.1)

## 19. OTHER INCOME (LOSS)

(\$ millions)	2017	2016
Unrealized gain (loss) on long-term investments	(3.4)	5.5
Gain (loss) on capital dispositions	31.1	(15.3)
Other gain	0.1	3.2
Other income (loss)	27.8	(6.6)

## 20. FOREIGN EXCHANGE GAIN

(\$ millions)	2017	2016
Realized gain (loss)		
CCS - US dollar long-term debt maturities and interest payments	(39.3)	57.7
US dollar long-term debt maturities	54.6	(52.4)
Other	(0.6)	(2.5)
Unrealized gain (loss)		
Translation of US dollar long-term debt	201.2	128.0
Other	(0.2)	0.5
Foreign exchange gain	215.7	131.3

## 21. INCOME TAXES

The provision for income taxes is as follows:

(\$ millions)	2017	2016
Current tax:		
Canada	(1.9)	—
Luxembourg	0.2	0.2
Current tax expense (recovery)	(1.7)	0.2
Deferred tax:		
Canada	(99.2)	(336.4)
United States	201.3	(44.9)
Deferred tax expense (recovery)	102.1	(381.3)
Income tax expense (recovery)	100.4	(381.1)

The following table reconciles income taxes calculated at the Canadian statutory rate with the recorded income taxes:

(\$ millions)	2017	2016
Net income (loss) before tax	(23.6)	(1,313.8)
Statutory income tax rate	26.85%	27.00%
Expected provision for income taxes	(6.3)	(354.7)
Effect of change in corporate tax rates	106.9	—
Effect of tax rates in foreign jurisdictions	22.9	(14.6)
Effect of restricted share bonus plan	(2.7)	6.9
Effect of change in recognition of deferred tax assets	(14.7)	(24.9)
Effect of non-taxable capital (gains) losses	(1.1)	(2.1)
Other	(4.6)	8.3
Income tax recovery	100.4	(381.1)

The statutory combined federal and provincial income tax rate decreased from 27% in 2016 to 26.85% in 2017, primarily due to the decrease in the Saskatchewan corporate tax rate from 12% to 11.5%, effective July 1, 2017. The Saskatchewan corporate tax rate was subsequently changed back to 12% effective January 1, 2018.

On December 22, 2017, the United States government enacted the Tax Cuts and Jobs Act which implemented significant changes to the U.S. tax legislation including, among other changes, a decrease to the federal corporate income tax rate from 35% to 21% effective January 1, 2018. As a result, the Company reduced its deferred income tax asset by \$107.5 million and recognized a corresponding deferred income tax expense.

The composition of net deferred income tax liabilities is as follows:

(\$ millions)	2017	2016
Deferred income tax assets	192.8	422.4
Deferred income tax liabilities	(550.6)	(651.5)
Net deferred income tax liabilities	(357.8)	(229.1)

The net deferred income tax liabilities are expected to be settled in the following periods:

(\$ millions)	2017	2016
Deferred income tax:		
To be settled within one year	29.1	(9.4)
To be settled beyond one year	(386.9)	(219.7)
Deferred income tax	(357.8)	(229.1)

The movement in deferred income tax assets (liabilities) are as follows:

(\$ millions)	At January 1, 2017	(Charges) / credits due to acquisitions & other	(Charged) / credited to earnings	At December 31, 2017
Deferred income tax assets:				
Decommissioning liability	361.8	—	(0.5)	361.3
Income tax losses carried forward	632.4	—	17.1	649.5
Debt financing costs	4.8	—	(4.8)	—
Share issue costs	15.3	0.1	(5.2)	10.2
Risk management contracts	18.3	—	15.2	33.5
Other	16.6	(26.7)	32.3	22.2
	1,049.2	(26.6)	54.1	1,076.7
Deferred income tax liabilities:				
Property, plant and equipment	(1,286.7)	—	(130.8)	(1,417.5)
Risk management contracts	8.4	—	(25.4)	(17.0)
	(1,278.3)	—	(156.2)	(1,434.5)
Net deferred income tax liabilities	(229.1)	(26.6)	(102.1)	(357.8)

(\$ millions)	At January 1, 2016	(Charges) / credits due to acquisitions & other	(Charged) / credited to earnings	At December 31, 2016
Deferred income tax assets:				
Decommissioning liability	344.8	—	17.0	361.8
Income tax losses carried forward	401.9	—	230.5	632.4
Debt financing costs	13.1	—	(8.3)	4.8
Share issue costs	17.7	7.2	(9.6)	15.3
Risk management contracts	0.6	—	17.7	18.3
Other	17.6	(10.8)	9.8	16.6
	795.7	(3.6)	257.1	1,049.2
Deferred income tax liabilities:				
Property, plant and equipment	(1,212.7)	—	(74.0)	(1,286.7)
Timing of partnership items	(54.8)	—	54.8	—
Risk management contracts	(135.0)	—	143.4	8.4
	(1,402.5)	—	124.2	(1,278.3)
Net deferred income tax liabilities	(606.8)	(3.6)	381.3	(229.1)

The approximate amounts of tax pools available as at December 31, 2017 and 2016 are as follows:

(\$ millions)	2017	2016
Tax pools:		
Canada	8,746.2	9,054.1
United States	3,287.6	2,952.9
Total	12,033.8	12,007.0

The above tax pools include estimated Canadian non-capital losses carried forward of \$1.40 billion (December 31, 2016 - \$1.10 billion) that expire in the years 2026 through 2037, and U.S. net operating losses of \$1.20 billion (December 31, 2016 - \$1.03 billion) which expire in the years 2024 through 2037. A deferred income tax asset has not been recognized for U.S. net operating losses of \$82.3 million (December 31, 2016 - \$136.8 million) or for other temporary differences of \$33.2 million (December 31, 2016 - \$33.2 million) as there is not sufficient certainty regarding future utilization.

A deferred tax asset has not been recognized in respect of certain unrealized capital losses and capital losses carried forward for Canadian tax purposes in the amount of \$1.2 million. Recognition is dependent on the realization of future taxable capital gains.

A deferred tax asset has not been recognized in respect of temporary differences associated with investments in subsidiaries as it is not likely that the temporary differences will reverse in the foreseeable future. The deductible temporary differences associated with investments in subsidiaries is approximately \$555.2 million (December 31, 2016 - \$648.7 million).

The Company received notices of reassessment from the Canada Revenue Agency in 2014 and 2015 disallowing \$149.3 million of tax pools and \$12.6 million of investment tax credits relating to an acquired entity. The Company has filed notices of objections in response to these reassessments and management believes that it will be successful in defending its positions. Therefore, no provision for the potential income tax liability was recorded at December 31, 2017 and December 31, 2016.

## 22. SHARE-BASED COMPENSATION

### Restricted Share Bonus Plan

The Company has a Restricted Share Bonus Plan pursuant to which the Company may grant restricted shares to directors, officers, employees and consultants. The restricted shares vest on terms up to three years from the grant date as determined by the Board of Directors.

### Performance Share Unit Plan

In April 2017, the Company approved a PSU Plan for designated employees. The PSUs vest on terms up to three years from the grant date as determined by the Board of Directors. PSUs are settled in cash upon vesting based on the prevailing Crescent Point share price, accrued dividends and the performance multipliers. The Company granted 4,460,046 PSUs in the year ended December 31, 2017 (year ended December 31, 2016 - nil).

### Deferred Share Unit Plan

The Company has a DSU Plan for directors. Each DSU vests on the date of the grant, however, the settlement of the DSU occurs following a change of control or when the individual ceases to be a director of the Company. DSUs are settled in cash based on the prevailing Crescent Point share price.

The following table reconciles the number of restricted shares and DSUs for the year ended December 31, 2017:

	Restricted Shares	Deferred Share Units
Balance, beginning of year	5,188,358	204,653
Granted	3,424,610	70,609
Redeemed	(4,195,754)	(45,792)
Forfeited	(235,162)	—
Modified to PSUs	(593,028)	—
Balance, end of year	3,589,024	229,470

The following table reconciles the number of restricted shares and DSUs for the year ended December 31, 2016:

	Restricted Shares	Deferred Share Units
Balance, beginning of year	3,960,363	153,283
Granted	3,930,449	51,370
Redeemed	(2,280,626)	—
Forfeited	(421,828)	—
Balance, end of year	5,188,358	204,653

For the year ended December 31, 2017, the Company calculated total share-based compensation of \$74.0 million (year ended December 31, 2016 - \$72.0 million), net of estimated forfeitures, of which \$12.0 million was capitalized (year ended December 31, 2016 - \$14.3 million).

At December 31, 2017, the current portion of long-term compensation liability of \$17.7 million was included in other current liabilities (December 31, 2016 - nil) and \$5.2 million was included in other long-term liabilities (December 31, 2016 - \$3.7 million).

## 23. PER SHARE AMOUNTS

The following table summarizes the weighted average shares used in calculating net income per share:

	2017	2016
Weighted average shares – basic	545,162,580	516,336,121
Dilutive impact of restricted shares	—	—
Weighted average shares – diluted <sup>(1)</sup>	545,162,580	516,336,121

(1) Excludes the impact of 1,603,575 weighted average shares related to restricted shares that were anti-dilutive for the year ended December 31, 2017 (year ended December 31, 2016 - 2,954,564).

## 24. FINANCIAL INSTRUMENTS AND DERIVATIVES

The Company's financial assets and liabilities are comprised of cash, accounts receivable, long-term investments, reclamation fund, derivative assets and liabilities, accounts payable and accrued liabilities, dividends payable and long-term debt.

Crescent Point's derivative assets and liabilities are transacted in active markets. Crescent Point's long-term investments are transacted in active and non-active markets. The Company classifies the fair value of these transactions according to the following fair value hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 - Values are based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 - Values are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 - Values are based on prices or valuation techniques that are not based on observable market data.

Accordingly, Crescent Point's derivative assets and liabilities are classified as Level 2. Long-term investments are classified as Level 1, Level 2 or Level 3 depending on the valuation methods and inputs used and whether the applicable company is publicly traded or private. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy.

Crescent Point's valuation of the investment in a private company is based primarily on an estimate of the net asset value of the relevant company's common shares. The Company's finance department is responsible for performing the valuation of financial instruments, including the calculation of Level 3 fair values. Refer to Note 5 - "Long-term Investments" for changes in the Company's Level 3 investments.

Discussions of the fair values and risks associated with financial assets and liabilities, as well as summarized information related to derivative positions are detailed below:

### a) Carrying Amount and Fair Value of Financial Instruments

The fair value of cash, accounts receivable, reclamation fund, accounts payable and accrued liabilities and dividends payable approximate their carrying amount due to the short-term nature of those instruments. The fair value of the amounts drawn on bank credit facilities is equal to its carrying amount as the facilities bear interest at floating rates and credit spreads that are indicative of market rates. These financial instruments are classified as financial assets and liabilities at amortized cost and are reported at amortized cost.

The following table summarizes the carrying value of the Company's remaining financial assets and liabilities as compared to their respective fair values as at December 31, 2017:

(\$ millions)	2017 Carrying Value	2017 Fair Value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets</b>					
Derivatives	282.7	282.7	—	282.7	—
Long-term investments <sup>(1)</sup>	72.6	72.6	65.1	—	7.5
	355.3	355.3	65.1	282.7	7.5
<b>Financial liabilities</b>					
Derivatives	123.9	123.9	—	123.9	—
Senior guaranteed notes <sup>(2)</sup>	1,932.0	1,951.3	—	1,951.3	—
	2,055.9	2,075.2	—	2,075.2	—

(1) Long-term investments are comprised of equity securities in public and private oil and gas companies.

(2) The senior guaranteed notes are classified as financial liabilities at amortized cost and are reported at amortized cost. The notes denominated in US dollars are translated to Canadian dollars at the period end exchange rate. The fair value of the notes is calculated based on current interest rates and is not recorded in the financial statements.

The following table summarizes the carrying value of the Company's remaining financial assets and liabilities as compared to their respective fair values as at December 31, 2016:

(\$ millions)	2016 Carrying Value	2016 Fair Value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets</b>					
Derivatives	389.4	389.4	—	389.4	—
Long-term investments <sup>(1)</sup>	35.8	35.8	28.3	7.5	—
	425.2	425.2	28.3	396.9	—
<b>Financial liabilities</b>					
Derivatives	67.7	67.7	—	67.7	—
Senior guaranteed notes <sup>(2)</sup>	2,148.6	2,119.2	—	2,119.2	—
	2,216.3	2,186.9	—	2,186.9	—

(1) Long-term investments are comprised of equity securities in public and private oil and gas companies.

(2) The senior guaranteed notes are classified as financial liabilities at amortized cost and are reported at amortized cost. The notes denominated in US dollars are translated to Canadian dollars at the period end exchange rate. The fair value of the notes is calculated based on current interest rates and is not recorded in the financial statements.

### Derivative assets and liabilities

Derivative assets and liabilities arise from the use of derivative contracts. The Company's derivative financial instruments are classified as fair value through profit or loss and are reported at fair value with changes in fair value recorded in net income.

The following table summarizes the fair value as at December 31, 2017 and the change in fair value for the year ended December 31, 2017:

(\$ millions)	Commodity contracts <sup>(1)</sup>	Interest contracts	CCS contracts	Foreign exchange contracts	Total
Derivative assets / (liabilities), beginning of year	(60.6)	2.1	373.3	6.9	321.7
Unrealized change in fair value	6.1	7.4	(175.3)	(1.8)	(163.6)
Foreign exchange	0.7	—	—	—	0.7
Derivative assets / (liabilities), end of year	(53.8)	9.5	198.0	5.1	158.8
Derivative assets, end of year	23.2	9.5	244.9	5.1	282.7
Derivative liabilities, end of year	(77.0)	—	(46.9)	—	(123.9)

(1) Includes oil, gas and power contracts.

The following table summarizes the fair value as at December 31, 2016 and the change in fair value for the year ended December 31, 2016:

(\$ millions)	Commodity contracts <sup>(1)</sup>	Interest contracts	CCS contracts	Foreign exchange contracts	Total
Derivative assets / (liabilities), beginning of year	527.3	(0.4)	493.7	7.9	1,028.5
Unrealized change in fair value	(587.9)	2.5	(120.4)	(1.0)	(706.8)
Derivative assets / (liabilities), end of year	(60.6)	2.1	373.3	6.9	321.7
Derivative assets, end of year	6.1	2.9	373.5	6.9	389.4
Derivative liabilities, end of year	(66.7)	(0.8)	(0.2)	—	(67.7)

(1) Includes oil, gas and power contracts.

### **Offsetting Financial Assets and Liabilities**

Financial assets and liabilities are only offset if the Company has the legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously. The Company offsets derivative assets and liabilities when the counterparty, commodity, currency and timing of settlement are the same. The following table summarizes the gross asset and liability positions of the Company's financial derivatives by contract that are offset on the balance sheet as at December 31, 2017 and December 31, 2016:

	2017			2016		
(\$ millions)	Asset	Liability	Net	Asset	Liability	Net
Gross amount	283.5	(124.7)	158.8	400.7	(79.0)	321.7
Amount offset	(0.8)	0.8	—	(11.3)	11.3	—
Net amount	282.7	(123.9)	158.8	389.4	(67.7)	321.7

### **b) Risks Associated with Financial Assets and Liabilities**

The Company is exposed to financial risks from its financial assets and liabilities. The financial risks include market risk relating to commodity prices, interest rates and foreign exchange rates as well as credit and liquidity risk.

#### **Market Risk**

Market risk is the risk that the fair value or future cash flows of a derivative will fluctuate because of changes in market prices. Market risk is comprised of commodity price risk, interest rate risk and foreign exchange risk as discussed below.

#### **Commodity Price Risk**

The Company is exposed to commodity price risk on crude oil and natural gas revenues as well as power on electricity consumption. As a means to mitigate the exposure to commodity price volatility, the Company has entered into various derivative agreements and physical contracts. The use of derivative instruments is governed under formal policies and is subject to limits established by the Board of Directors.

Crude oil - To partially mitigate exposure to crude oil commodity price risk, the Company enters into option contracts and swaps to manage the Cdn\$ WTI price fluctuations. The Company also enters physical delivery and derivative WTI price differential contracts which manage the spread between US\$ WTI and various stream prices. The Company manages physical delivery contracts on a month-to-month spot and on a term contract basis. As at December 31, 2017, Crescent Point had committed, on a term contract basis, to deliver an average of approximately 13,600 bbl/d of liquids for calendar 2018, 8,600 bbl/d of liquids for calendar 2019, 5,000 bbl/d of crude oil for calendar 2020 and 2021 and 2,000 bbl/d of crude oil for calendar 2022 to 2028.

Natural gas - To partially mitigate exposure to natural gas commodity price risk, the Company enters into AECO natural gas swaps, which manage the AECO natural gas price fluctuations.

Power - To partially mitigate exposure to electricity price changes, the Company enters into swaps or fixed price physical delivery contracts which fix the power price.

The following table summarizes the sensitivity of the fair value of the Company's derivative positions as at December 31, 2017 and December 31, 2016 to fluctuations in commodity prices or differentials, with all other variables held constant. When assessing the potential impact of these commodity price or differential changes, the Company believes a 10 percent near-term volatility is a reasonable measure. Fluctuations in commodity prices or differentials potentially would have resulted in unrealized gains (losses) impacting income before tax as follows:

(\$ millions)	Impact on Income Before Tax Year ended December 31, 2017		Impact on Income Before Tax Year ended December 31, 2016	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
<b>Commodity price</b>				
Crude oil	(150.9)	139.4	(120.1)	113.9
Natural gas	(2.9)	2.9	(9.6)	9.6
Power	—	—	0.1	(0.1)
<b>Differential</b>				
Crude oil	—	—	0.3	(0.3)

### Interest Rate Risk

The Company is exposed to interest rate risk on bank credit facilities to the extent of changes in market interest rates. Based on the Company's floating rate debt position as at December 31, 2017, a 1% increase or decrease in the interest rate on floating rate debt would amount to an annualized impact on income before tax of \$17.8 million (December 31, 2016 - \$12.7 million).

The Company partially mitigates its exposure to interest rate changes by entering into interest rate swap transactions. The following sensitivities show the resulting unrealized gains (losses) and the impact on income before tax of the respective changes in the applicable forward interest rates as at December 31, 2017 and December 31, 2016 with all other variables held constant:

(\$ millions)	Impact on Income Before Tax Year ended December 31, 2017		Impact on Income Before Tax Year ended December 31, 2016	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Forward interest rates				
Interest rate swaps	1.9	(1.9)	1.5	(1.5)

### Foreign Exchange Risk

Foreign exchange risk arises from changes in foreign exchange rates that may affect the fair value or future cash flows of the Company's financial assets or liabilities. As the Company operates in Canada and the United States, fluctuations in the exchange rate between the US/Canadian dollars can have a significant effect on reported results. The Company is exposed to foreign exchange risk in relation to its US dollar denominated long-term debt, investment in U.S. subsidiaries and in relation to its crude oil sales. Crescent Point entered into various CCS and foreign exchange swaps to hedge its foreign exchange exposure on its US dollar denominated long-term debt.

The Company can partially mitigate its exposure to foreign exchange rate changes by entering into US dollar swaps. To partially mitigate the foreign exchange risk relating to crude oil sales, the Company has fixed crude oil contracts to settle in Cdn\$ WTI.

The following sensitivities show the resulting unrealized gains (losses) and the impact on income before tax of the respective changes in the period end and applicable forward foreign exchange rates at December 31, 2017 and December 31, 2016 with all other variables held constant:

(\$ millions)	Exchange Rate	Impact on Income Before Tax Year ended December 31, 2017		Impact on Income Before Tax Year ended December 31, 2016	
		Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Cdn\$ relative to US\$					
US dollar long-term debt	Period End	390.1	(390.1)	357.0	(357.0)
Cross currency swaps	Forward	(402.5)	402.5	(375.3)	375.3
Foreign exchange swaps	Forward	(3.7)	3.7	(5.9)	5.9

## Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. A substantial portion of the Company's accounts receivable are with customers in the oil and gas industry and are subject to normal industry credit risks. The Company monitors the creditworthiness and concentration of credit with customers of its physical oil and gas sales. To mitigate credit risk associated with its physical sales portfolio, Crescent Point obtains financial assurances such as parental guarantees, letters of credit and third party credit insurance. Including these assurances, approximately 95% of the Company's oil and gas sales are with entities considered investment grade.

The Company is authorized to transact derivative contracts with counterparties rated A (or equivalent) or better, based on the lowest rating of the three ratings providers. Should one of the Company's financial counterparties be downgraded below the A rating limit, the Chief Financial Officer will advise the Audit Committee and provide recommendations to minimize the Company's credit risk to that counterparty. The maximum credit exposure associated with accounts receivable is the total carrying amount and the maximum exposure associated with the derivative instruments approximates their fair value.

At December 31, 2017, approximately 4 percent (December 31, 2016 - 3 percent) of the Company's accounts receivable balance was outstanding for more than 90 days and the Company considers the entire balance to be collectible.

## Liquidity Risk

The timing of undiscounted cash outflows relating to the financial liabilities outstanding as at December 31, 2017 is outlined in the table below:

(\$ millions)	1 year	2 to 3 years	4 to 5 years	More than 5 years	Total
Accounts payable and accrued liabilities	613.3	—	—	—	613.3
Dividends payable	16.8	—	—	—	16.8
Derivative liabilities <sup>(1)</sup>	55.6	2.5	—	—	58.1
Senior guaranteed notes <sup>(2)</sup>	126.0	371.1	512.0	1,048.9	2,058.0
Bank credit facilities <sup>(3)</sup>	98.3	2,316.7	—	—	2,415.0

(1) These amounts exclude undiscounted cash outflows pursuant to the CCS and foreign exchange swap.

(2) These amounts include the notional principal and interest payments pursuant to the related CCS and foreign exchange swap, which fix the amounts due in Canadian dollars.

(3) These amounts include interest based on debt outstanding and interest rates effective as at December 31, 2017. The current maturity date of the Company's facilities is June 10, 2020. The Company expects that the facilities will continue to be renewed and extended prior to their maturity dates.

The timing of undiscounted cash outflows relating to the financial liabilities outstanding as at December 31, 2016 is outlined in the table below:

(\$ millions)	1 year	2 to 3 years	4 to 5 years	More than 5 years	Total
Accounts payable and accrued liabilities	647.2	—	—	—	647.2
Dividends payable	16.3	—	—	—	16.3
Derivative liabilities <sup>(1)</sup>	55.9	1.9	—	—	57.8
Senior guaranteed notes <sup>(2)</sup>	148.0	272.9	466.4	1,319.2	2,206.5
Bank credit facilities <sup>(3)</sup>	62.8	1,762.7	—	—	1,825.5

(1) These amounts exclude undiscounted cash outflows pursuant to the CCS and foreign exchange swap.

(2) These amounts include the notional principal and interest payments pursuant to the related CCS and foreign exchange swap, which fix the amounts due in Canadian dollars.

(3) These amounts include interest based on debt outstanding and interest rates effective as at December 31, 2016.

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages its liquidity risk through managing its capital structure and continuously monitoring forecast cash flows and available credit under existing banking arrangements as well as other potential sources of capital.

At December 31, 2017, the Company had available unused borrowing capacity on bank credit facilities of approximately \$1.47 billion, including \$7.5 million letters of credit drawn on the facility, and cash of \$62.4 million.

### c) Derivative Contracts

The Company enters into fixed price oil, gas, power, interest rate, cross currency, foreign exchange and crude oil differential contracts to manage its exposure to fluctuations in the price of crude oil, gas, power, foreign exchange and interest on debt.

The following is a summary of the derivative contracts in place as at December 31, 2017:

Financial WTI Crude Oil Derivative Contracts – Canadian Dollar <sup>(1)</sup>					
Term	Volume (bbls/d)	Swap	Three-way Collar		
		Average Price (\$/bbl)	Average Sold Call Price (\$/bbl)	Average Bought Put Price (\$/bbl)	Average Sold Put Price (\$/bbl)
2018	41,767	72.11	75.63	68.40	59.63
2019 January - June	5,729	70.57	70.51	62.23	54.00

(1) The volumes and prices reported are the weighted average volumes and prices for the period.

Financial WTI Crude Oil Derivative Contracts – US Dollar <sup>(1)</sup>				
Term	Volume (bbls/d)	Three-way Collar		
		Average Sold Call Price (US\$/bbl)	Average Bought Put Price (US\$/bbl)	Average Sold Put Price (US\$/bbl)
2018	14,000	55.80	49.66	43.00
2019 January - June	8,972	56.01	49.89	43.00

(1) The volumes and prices reported are the weighted average volumes and prices for the period.

Financial AECO Natural Gas Derivative Contracts – Canadian Dollar <sup>(1)</sup>		
Term	Average Volume (GJ/d)	Average Swap Price (\$/GJ)
2018	33,973	2.83
2019	19,948	2.71

(1) The volumes and prices reported are the weighted average volumes and prices for the period.

Financial Interest Rate Derivative Contracts – Canadian Dollar			
Term	Contract	Notional Principal (\$ millions)	Fixed Rate (%)
January 2018 - September 2018	Swap	50.0	0.90
January 2018 - September 2018	Swap	50.0	0.87
January 2018 - August 2020	Swap	50.0	1.16
January 2018 - August 2020	Swap	50.0	1.16
January 2018 - August 2020	Swap	100.0	1.15
January 2018 - September 2020	Swap	50.0	1.14
January 2018 - September 2020	Swap	50.0	1.11

Financial Cross Currency Derivative Contracts					
Term	Contract	Receive Notional Principal (US\$ millions)	Fixed Rate (US%)	Pay Notional Principal (Cdn\$ millions)	Fixed Rate (Cdn%)
January 2018	Swap	200.0	3.42	252.8	3.12
January 2018	Swap	200.0	3.42	253.0	3.12
January 2018	Swap	100.0	3.42	126.4	3.11
January 2018	Swap	250.0	3.45	319.3	3.00
January 2018	Swap	250.0	3.45	319.3	2.99
January 2018	Swap	95.0	3.45	121.2	3.00
January 2018	Swap	100.0	3.45	127.6	3.03
January 2018	Swap	140.0	3.45	178.9	2.99
January 2018	Swap	295.0	3.58	379.4	2.68
January 2018	Swap	100.0	3.58	128.6	2.77
January 2018 - April 2018	Swap	31.0	4.58	29.9	5.32
January 2018 - June 2018	Swap	20.0	2.65	20.4	3.52
January 2018 - May 2019	Swap	68.0	3.39	66.7	4.53
January 2018 - March 2020	Swap	155.0	6.03	158.3	6.45
January 2018 - April 2021	Swap	82.0	5.13	79.0	5.83
January 2018 - June 2021	Swap	52.5	3.29	56.3	3.59
January 2018 - May 2022	Swap	170.0	4.00	166.9	5.03
January 2018 - June 2023	Swap	270.0	3.78	274.7	4.32
January 2018 - June 2024	Swap	257.5	3.75	276.4	4.03
January 2018 - April 2025	Swap	230.0	4.08	291.1	4.13
January 2018 - April 2027	Swap	20.0	4.18	25.3	4.25

Financial Foreign Exchange Forward Derivative Contracts			
Settlement Date	Contract	Receive Notional Principal (US\$ millions)	Pay Notional Principal (Cdn\$ millions)
May 2022	Swap	30.0	32.2

## 25. RELATED PARTY TRANSACTIONS

All related party transactions are recorded at the exchange amount.

During the year ended December 31, 2017, Crescent Point recorded \$12.9 million (year ended December 31, 2016 - \$6.2 million) of expenditures in the normal course of business to an oilfield services company of which a director of Crescent Point is a director and officer. The oilfield services company is one of only a few specialized service providers in their area of expertise with capacity and geographical presence to meet the Company's needs. The service company was selected, along with a few other key vendors, to provide goods and services as part of a comprehensive and competitive request for proposal process with key factors of its success including the unique nature of proprietary products, the ability to service specific geographic regions, proven safety performance and competitive pricing.

### Compensation of Key Management Personnel

Key management personnel of the Company consists of its directors and executive officers. In addition to the directors fees and salaries paid to the directors and officers, respectively, the directors participate in the Restricted Share Bonus Plan and DSU Plan and the officers participate in the Restricted Share Bonus Plan and PSU Plan. The compensation relating to key management personnel for the year ended December 31, 2017 recorded as general and administrative expenses was \$7.5 million (year ended December 31, 2016 - \$9.1 million) and share-based compensation costs were \$21.7 million (year December 31, 2016 - \$20.9 million).

## 26. COMMITMENTS

At December 31, 2017, the Company had contractual obligations and commitments as follows:

(\$ millions)	1 year	2 to 3 years	4 to 5 years	More than 5 years	Total
Operating leases (building and vehicle leases) <sup>(1)</sup>	30.2	53.1	52.1	217.0	352.4
Transportation commitments	17.8	29.6	22.9	37.4	107.7
Total contractual commitments	48.0	82.7	75.0	254.4	460.1

(1) Included in operating leases are recoveries of rent expense on office space the Company has subleased of \$50.6 million.

At December 31, 2016, the Company had contractual obligations and commitments as follows:

(\$ millions)	1 year	2 to 3 years	4 to 5 years	More than 5 years	Total
Operating leases (building and vehicle leases) <sup>(1)</sup>	33.2	58.3	60.3	251.5	403.3
Transportation commitments	15.4	27.2	24.2	48.9	115.7
Total contractual commitments	48.6	85.5	84.5	300.4	519.0

(1) Included in operating leases are recoveries of rent expense on office space the Company has subleased of \$48.3 million.

## 27. SIGNIFICANT SUBSIDIARIES

The Company has the following significant subsidiaries, each owned 100% directly and indirectly, at December 31, 2017:

Subsidiary Name	Country of Incorporation
Crescent Point Resources Partnership	Canada
Crescent Point Holdings Inc.	Canada
Crescent Point Energy U.S. Corp.	United States of America
Crescent Point U.S. Holdings Corp.	United States of America
Crescent Point Energy Lux S.à r.l.	Luxembourg

## 28. SUPPLEMENTAL DISCLOSURES

### Comprehensive Income Statement Presentation

The Company's statements of comprehensive income are prepared primarily by nature of expense, with the exception of compensation expenses which are included in the operating, general and administrative and share-based compensation line items, as follows:

(\$ millions)	2017	2016
Operating	92.9	82.8
General and administrative	69.6	67.6
Share-based compensation	62.0	57.7
Total compensation expenses	224.5	208.1

### Cash Flow Statement Presentation

(\$ millions)	2017	2016
<b>Operating activities</b>		
Changes in non-cash working capital:		
Accounts receivable	(21.6)	(9.7)
Prepays and deposits	0.9	(0.3)
Accounts payable and accrued liabilities	13.9	(19.9)
Other current liabilities	24.0	—
Other long-term liabilities	1.5	—
	18.7	(29.9)
<b>Investing activities</b>		
Changes in non-cash working capital:		
Accounts receivable	(26.0)	(0.3)
Accounts payable and accrued liabilities	(39.8)	8.8
	(65.8)	8.5
<b>Financing activities</b>		
Changes in non-cash working capital:		
Dividends payable	0.5	(34.2)

(\$ millions)	2017	2016
<b>Other</b>		
Lease inducement	(3.6)	(3.6)
Onerous contract provision	2.2	(1.6)
Translation of US dollar derivatives	(0.7)	—
	(2.1)	(5.2)

## Supplementary Financing Cash Flow Information

The Company's reconciliation of cash flow from financing activities is outlined in the table below:

(\$ millions)	Dividends payable	Current portion of long-term debt	Long-term debt	Shareholders' capital
December 31, 2016	16.3	90.6	3,730.1	16,400.2
Changes from cash flow from financing activities:				
Redemption of restricted shares				(2.3)
Share issue costs				(0.3)
Increase in bank debt, net			635.9	
Repayment of senior guaranteed notes		(90.3)		
Realized gain (loss) on cross currency swap maturity		21.4	(76.0)	
Cash dividends paid	(197.2)			
Non-cash changes:				
Redemption of restricted shares				91.9
Deferred taxes on share issue costs				0.1
Reclassified to current		68.3	(68.3)	
Cash dividends declared	197.7			
Foreign exchange		(26.2)	(174.5)	
<b>December 31, 2017</b>	<b>16.8</b>	<b>63.8</b>	<b>4,047.2</b>	<b>16,489.6</b>
December 31, 2015	50.5	72.0	4,380.0	15,693.2
Changes from cash flow from financing activities:				
Shares issued for cash				650.4
Redemption of restricted shares				(1.1)
Share issue costs				(26.5)
Decrease in bank debt, net			(485.8)	
Repayment of senior guaranteed notes		(66.7)		
Realized gain on cross currency swap maturity		16.6	32.0	
Cash dividends paid	(294.5)			
Non-cash changes:				
Shares issued on capital acquisitions				17.7
Redemption of restricted shares				59.4
Deferred taxes on share issue costs				7.1
Reclassified to current		91.3	(91.3)	
Cash dividends declared	260.3			
Foreign exchange		(22.6)	(104.8)	
December 31, 2016	16.3	90.6	3,730.1	16,400.2

## 29. GEOGRAPHICAL DISCLOSURE

As at December 31, 2017, Crescent Point's non-current assets related to the U.S. foreign operations was \$2.74 billion (December 31, 2016 - \$2.19 billion). For the year ended December 31, 2017, Crescent Point's oil and gas revenue related to the U.S. foreign operations was \$373.1 million (year ended December 31, 2016 - \$213.9 million).

**Directors**

Peter Bannister, Chairman <sup>(3)</sup> <sup>(4)</sup>

Rene Amirault <sup>(4)</sup>

Laura Cillis <sup>(1)</sup> <sup>(2)</sup>

Hugh Gillard <sup>(5)</sup>

Ted Goldthorpe <sup>(1)</sup> <sup>(5)</sup>

Robert Heinemann <sup>(2)</sup> <sup>(3)</sup> <sup>(4)</sup>

Mike Jackson <sup>(1)</sup> <sup>(2)</sup>

Barbara Munroe <sup>(2)</sup> <sup>(5)</sup>

Gerald Romanzin <sup>(1)</sup> <sup>(3)</sup>

Scott Saxberg <sup>(4)</sup>

<sup>(1)</sup> Member of the Audit Committee of the Board of Directors

<sup>(2)</sup> Member of the Compensation Committee of the Board of Directors

<sup>(3)</sup> Member of the Reserves Committee of the Board of Directors

<sup>(4)</sup> Member of the Environmental, Health & Safety Committee of the Board of Directors

<sup>(5)</sup> Member of the Corporate Governance and Nominating Committee

**Officers**

Scott Saxberg  
President and Chief Executive Officer

Ken Lamont  
Chief Financial Officer

Neil Smith  
Chief Operating Officer

Derek Christie  
Senior Vice President, Exploration and Geosciences

Tamara MacDonald  
Senior Vice President, Corporate and Business Development

Brad Borggard  
Vice President, Corporate Planning and Investor Relations

Mark Eade  
Vice President, General Counsel and Corporate Secretary

Ryan Gritzfeldt  
Vice President, Marketing and Innovation

Steve Toews  
Vice President, Engineering and Operations

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**Banker**

The Bank of Nova Scotia  
Calgary, Alberta

**Auditor**

PricewaterhouseCoopers LLP  
Calgary, Alberta

**Legal Counsel**

Norton Rose Fulbright Canada LLP  
Calgary, Alberta

**Evaluation Engineers**

GLJ Petroleum Consultants Ltd.  
Calgary, Alberta

Sproule Associates Ltd.  
Calgary, Alberta

**Registrar and Transfer Agent**

Investors are encouraged to contact Crescent Point's Registrar and Transfer Agent for information regarding their security holdings:

Computershare Trust Company of Canada  
600, 530 - 8th Avenue S.W.  
Calgary, Alberta T2P 3S8  
Tel: (403) 267-6800

**Stock Exchanges**

Toronto Stock Exchange - TSX  
New York Stock Exchange - NYSE

**Stock Symbol**

CPG

**Investor Contacts**

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