MANAGEMENT'S DISCUSSION AND ANALYSIS
CRIUS ENERGY TRUST

May 11, 2017

This management's discussion and analysis ("**MD&A**") of Crius Energy Trust (the "**Trust**") dated May 11, 2017 has been prepared with all information available up to and including May 11, 2017. This MD&A should be read in conjunction with the Trust's unaudited interim condensed consolidated financial statements and accompanying notes as at and for the three months ended March 31, 2017, and the Trust's audited consolidated financial statements and accompanying notes and MD&A for the year ended December 31, 2016. The Trust's financial statements and other disclosure documents, including the annual information form of the Trust for the fiscal year ended December 31, 2016, dated March 16, 2017, are available on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") under the Trust's issuer profile at www.sedar.com and on the Trust's website at www.criusenergytrust.ca. The units of the Trust ("**Units**") are listed for trading on the Toronto Stock Exchange ("**TSX**") under the symbol "KWH.UN".

The Trust prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board. The consolidated financial statements of the Trust are presented in United States dollars, which is the functional currency of the Trust. All figures within this MD&A are presented in United States dollars unless otherwise indicated. Certain totals, subtotals and percentages may not reconcile due to rounding.

Certain information contained in this MD&A constitutes non-IFRS financial measures and/or forward-looking statements (as defined herein). Investors are cautioned to read the sections entitled *"Non-IFRS Financial Measures"* and *"Forward-Looking Statements"* at the end of this MD&A. Certain key terms and abbreviations used in this MD&A are defined in the section entitled *"Key Terms and Abbreviations"* below.

Overview of the Trust

The Trust is an unincorporated, open-ended limited purpose trust established under the laws of the Province of Ontario on September 7, 2012, for the purpose of providing investors with a distribution-producing investment primarily through its indirect ownership interest in Crius Energy, LLC ("**Crius Energy**" or the "**Company**"). Following the completion of the initial public offering of the Trust in November 2012, the Trust held an approximate 26.8% indirect ownership interest in the Company. In June 2015, the Trust acquired additional LLC Units (as defined herein) in exchange for consideration comprised of cash (financed by way of a prospectus offering of Units), resulting in an increase the Trust's indirect ownership interest in the Company from 26.8% to 43.1%. In June 2016, the Trust acquired the remaining LLC Units not already held, directly or indirectly, by the Trust in exchange for consideration comprised of Units and cash (financed by way of a prospectus offering of subscription receipts of the Trust), resulting in an increase in the Trust's indirect ownership in the Company from 43.1% to 100% (the "**Remaining LLC Acquisition**").

Throughout this MD&A, for purposes of convenience, references to (i) the "**Trust**", "**we**" or "**our**" refer to Crius Energy Trust and its subsidiaries, (ii) the "**Company**" or "**Crius Energy**" refer to Crius Energy, LLC and (iii) "**Management**" refer to the management of the Trust and the Company, together, as all of the executive officers of the Trust are also executive officers of the Company.

Crius Energy is a comprehensive energy solutions partner that provides electricity, natural gas and solar products to residential and commercial customers. Crius Energy connects with energy customers through an innovative family-of-brands strategy and multi-channel marketing approach. This unique combination creates multiple access points to a broad suite of energy products and services that make it easier for consumers to make informed decisions about their energy needs. Crius Energy currently sells energy products in 16 states and the District of Columbia in the United States with plans to continue expanding its geographic reach.

The Company's revenues are earned primarily from electricity and natural gas sales, and are recognized based on customer consumption. Seasonal variability of customer usage of electricity and natural gas may cause the Company's revenues and gross margins to fluctuate. In general, electricity consumption is highest during the summer months of July and August due to cooling demand and, to a lesser extent, during the winter months of January and February due to heating demand. Heating demand also influences natural gas consumption, which is typically highest between the months of November and March. The Company's revenues may also fluctuate based on retail rates charged to customers, customer growth and customer attrition. The Company also receives various other customer fees that are not tied to customer consumption.

In addition, the Company receives revenues from marketing and installing solar systems, primarily based on the generating capacity of the solar systems it sells. Solar revenues are recognized based on the installation of the solar systems.

The Company procures its electricity, natural gas and hedging requirements in various wholesale energy markets, including physical and financial markets, using both short-term and long-term contracts. For electricity and natural gas, the Company procures its wholesale energy requirements at various utility load zones for electricity and city gates for natural gas, based on the energy usage and geographic location of our customers. The Company manages its exposure to short-term and long-term movements in wholesale energy prices by hedging using derivative instruments. These derivative instruments are principally physical forward contracts and financial fixed-for-floating swaps, whereby the Company agrees to take physical delivery or cash settle the difference between the floating price and the fixed price on a notional quantity of electricity or natural gas for a specified timeframe, at a specified location. The Company remains subject to commodity risk for any volumetric differences between the actual quantities used by its customers and the forecasted quantities upon which such hedging instruments are based.

The Company's gross margin is primarily derived from the difference between the revenues received from its electricity and natural gas customers and the cost of sales paid to its energy and non-energy suppliers, together with its gross margin from the marketing and installation of solar products. The Company also incurs selling expenses through a mixture of upfront and residual-based payments. All such costs are recognized as expenses in the period incurred, pursuant to the applicable contractual arrangements in place. In addition, the Company incurs general, administrative, financing and other expenses to operate its business.

Key Terms and Abbreviations

"**Adjusted EBITDA**" means EBITDA adjusted to exclude certain non-operating and non-cash items. See the section entitled *"Reconciliation of Net Income (Loss) to EBITDA and Adjusted EBITDA"* in this MD&A for a reconciliation of EBITDA and Adjusted EBITDA to net income (loss) as calculated under IFRS, the most directly comparable measure in the Trust's consolidated financial statements. Adjusted EBITDA is a non-IFRS financial measure. Refer to section entitled *"Non-IFRS Financial Measures"* at the end of this MD&A.

"**Adjusted Working Capital**" means current assets less current liabilities, excluding unrealized gains and losses on derivatives. See section entitled "*Adjusted Working Capital*" in this MD&A for a reconciliation of Adjusted Working Capital to the Trust's consolidated balance sheet as prepared under IFRS. Adjusted Working Capital is a non-IFRS financial measure. Refer to section entitled *"Non-IFRS Financial Measures"* at the end of this MD&A.

"**Board**" means the board of directors of Crius Energy Administrator Inc., the administrator for and on behalf of the Trust.

"**Customer**" refers to an RCE (see definition of RCE below).

"**Distributable Cash**" means the amount of cash flow available to the Trust to meet its distribution obligations. See the section entitled *"Distributable Cash and Distributions"* in this MD&A for a reconciliation of Distributable Cash to Cash flows provided by (used in) operating activities as calculated under IFRS, the most directly comparable measure in the Trust's consolidated financial statements. Distributable Cash is a non-IFRS financial measure. Refer to section entitled *"Non-IFRS Financial Measures"* at the end of this MD&A.

"**EBITDA**" means earnings before interest, taxes, depreciation and amortization. EBITDA is a non-IFRS financial measure. Refer to section entitled *"Non-IFRS Financial Measures"* at the end of this MD&A.

"**kWh**" means kilowatt hour and is a measurement of volume of electricity.

"**LLC Units**" means the membership units of the Company.

"**Maintenance Capital Expenditures**" consist of capital expenditures included within cash flows used in investing activities from the Consolidated Statement of Cash Flows, adjusted to exclude cash flows used in investing activities relating to acquisitions. Maintenance Capital Expenditures is a non-IFRS financial measure. Refer to section entitled *"Non-IFRS Financial Measures"* at the end of this MD&A.

"**MMBtu**" means one million British Thermal Units and is a measurement of volume of natural gas.

"**MWh**" means Megawatt hour and is a measurement of volume of electricity.

"**MW**" means Megawatt and is a measurement of capacity of electricity.

"**Payout Ratio**" means the proportion of Distributable Cash paid out as distributions to unitholders over a defined period, expressed as a percentage. See the section entitled *"Distributable Cash and Distributions*" in this MD&A for the calculation of Payout Ratio. Payout Ratio is a non-IFRS financial measure. Refer to section entitled *"Non-IFRS Financial Measures"* at the end of this MD&A.

"**Phantom Units**" means cash-settled phantom Units granted under the Phantom Unit Rights Plan of the Company.

"**RCE**" means residential customer equivalents, which is an industry standard unit of measurement of consumption per annum equivalent to 10 MWh (or 10,000 kWh) in the case of the electricity and 100 MMBtu in the case of natural gas. We have estimated the number of RCEs in accordance with industry conventions based on information available regarding customers and their historical usage and are subject to adjustment based on updated available information.

"**Total Cash and Availability**" means the sum of cash and cash equivalents and any excess availability that is available to the Trust under its credit facilities. Total Cash and Availability is a non-IFRS financial measure. Refer to section entitled *"Non-IFRS Financial Measures"* at the end of this MD&A.

"**Total Distributions**" means the total distributions made to unitholders, including both distributions to unitholders of the Trust as well as, for the applicable periods, distributions to non-controlling interest. Total Distributions is a non-IFRS financial measure. Refer to section entitled *"Non-IFRS Financial Measures"* at the end of this MD&A.

"**Unitholder**" means a holder of Units.

"**Units**" means the units of the Trust that are listed for trading on the TSX under the symbol "KWH.UN".

Unless the context indicates otherwise, references in this MD&A to "volume", "usage" and "consumption" refer to MWh in the case of electricity and MMBtu in the case of natural gas.

Q1 2017 HIGHLIGHTS

Financial Highlights

- Revenue of $177.4 million in the first quarter of 2017, representing a 1.9% decrease from $180.8 million in the first quarter of 2016, partially due to a lower electricity price environment during the first quarter of 2017 in our core markets.
- Gross margin of 20.9% of total revenue for the first quarter of 2017, representing a decrease from the gross margin of 22.2% achieved in the first quarter of 2016, primarily due to the increased proportion of lower margin commercial and municipal aggregation customers the Company now serves.
- Adjusted EBITDA of $14.5 million during the first quarter of 2017, representing an increase from $13.0 million achieved in the first quarter of 2016. For the first quarter of 2017, Adjusted EBITDA has been adjusted for a legal reserve charge of $6.5 million related to pending litigation and regulatory matters, and associated legal fees incurred in the first quarter of 2017 of $2.5 million.
- Distributable Cash for the first quarter of 2017 was $7.7 million and Total Distributions were $5.8 million, resulting in a quarterly Payout Ratio of 75.3%. This compares to Distributable Cash of $9.8 million, Total Distributions of $5.7 million and a Payout Ratio of 58.2% for the quarter ending March 31, 2016. The decrease in Distributable Cash and increase in Payout Ratio are due to increased unit-based compensation payments made during the first quarter of 2017 on account of the vesting of Phantom Units granted under the Company's Phantom Unit Rights Plan, which vest three years from the date of grant.

Operational Highlights

- Achieved net customer growth of 21,000 customers in the first quarter of 2017, representing 2.1% quarter-over-quarter growth, with Crius Energy's total customer count reaching 1,003,000.
  - Added 156,000 customers from sales and marketing channels, representing an increase over the average in the prior four quarters of 97,000, with the increase primarily driven by a large contribution coming from municipal aggregations and default service auctions.
  - Gross customer drops in the first quarter of 135,000 customers were higher than the average in the prior four quarters of 75,000 primarily due to the non-renewal of several large commercial accounts.
- Continued expansion of the solar business
  - Sold 271 solar systems representing 1.8MW of generating capacity, which is in line with Management expectations.
  - Integration of the solar assets acquired from SunEdison Inc. ("**SunEdison**") continued during the first quarter of 2017, which is expected to increase solar sales and enhance margin by enabling the Company to manage a solar customer from prospect to installation, leveraging first-party and third-party lead generation, sales capability, and installation, combined with a third-party finance strategy.
  - Continued progress on the purchase of certain residential solar installation assets from Verengo, Inc. ("**Verengo**"), which is expected to close in the second quarter of 2017. The Verengo platform and team, which have a track-record of more than 20,000 solar installations dating back to 2008, will augment our recent acquisition of the SunEdison residential solar platform, as it provides vertically integrated capability in California.

Growth and Corporate Highlights

- Announced a 2% distribution increase
  - In January 2017, the Board approved a 2% increase to distributions paid on Units during the first quarter of 2017, representing an annualized increase of C$0.0152 per Unit and a total annualized distribution of C$0.7730 per Unit.
  - Represents the fifth increase since the beginning of 2016, signaling both Management and the Board's confidence in the positive results from the Company's growth strategy in the deregulated energy and solar businesses.

- Announced a five-year extension to exclusive agreement with Comcast Corporation ("**Comcast**") to sell electricity and natural gas products under the Comcast Energy Rewards™ brand to Comcast customers
  - Future initiatives include closer integration with core smart home initiatives under the Xfinity® business unit.

- Announced expanded relationship with Comcast to offer Energy Rewards™ Integrated Energy Platform ("**IEP**") to additional third-party services providers
  - Five-year strategic agreement enables additional third-party service providers across the U.S. to leverage IEP for enhanced customer retention and value.

- The IEP is expected to formally launch in the second half of 2017 and will leverage existing assets from both Comcast and Crius Energy, including technology and resources, to provide partner service providers with a holistic home energy solution to efficiently offer their customers, among other products, electricity, natural gas and solar.
- Crius Energy and Comcast will co-market the IEP to potential third-party service providers. Crius Energy will continue to directly service all existing and future electricity and natural gas customer relationships.

- Announced Rise Broadband as first IEP Partner
  - Entered into a three-year strategic agreement with Rise Broadband, the largest U.S. fixed wireless internet and digital voice provider, to offer energy products to Rise Broadband's customers through the Energy Rewards™ IEP developed jointly by Crius Energy and Comcast.
  - Platform offerings will initially be available to Rise Broadband's customers in Illinois, Indiana and Texas with plans to offer the services throughout Rise Broadband's coverage area in 16 states. Rise Broadband currently serves several hundred thousand rural and suburban homes and businesses with fixed wireless high-speed internet and digital phone technology.

- Received forgivable $8.0 million subordinated term loan (the "**Term Loan**") from the Connecticut Department of Economic and Community Development ("**DECD**")
  - During the second half of 2016, the Company relocated to a renovated, 48,000 square foot space in Connecticut to accommodate current operating requirements and space for future growth.
  - The Connecticut DECD provided an $8.0 million forgivable loan package at an interest rate of 2.0% for a term of up to ten years to support the headquarter move.
  - The principal portion of the loan is deferred for the first four years and will be eligible for forgiveness credits as new jobs are created in the state. In addition, the Company is eligible to receive up to $2.0 million in tax credits through the Urban Redevelopment Authority Program as well as a $0.1 million grant to train employees.

Highlights Subsequent to the end of Q1 2017

- Announced further distribution growth
  - In April 2017, the Board approved an additional 2% increase to distributions paid on Units for the second quarter of 2017, representing an annualized increase of C$0.0155 per Unit and a total annualized distribution of C$0.7885 per Unit.
  - The Board and Management are confident in the ongoing success of the deregulated energy business and the early stage success of the vertically integrated solar business, and are confident that they will be able to continue increasing distributions in 2017, and will evaluate further distribution increases beyond the end of the current financial year.

Q1 2017 DISCUSSION

The first quarter of 2017 highlighted the positive impacts from continued growth of the Company's core retail energy business, Management's prudent approach to cost control, and efficiencies achieved across Crius Energy's platform. The strong operating results allowed Management to make strategic investments in the solar industry which are expected to enhance long-term Unitholder value.

In the first quarter of 2017, as a result of Management and the Board's confidence in the positive results from the Company's growth strategy in the deregulated energy and solar businesses, the Board approved a 2% increase to the distribution while maintaining a conservative Payout Ratio. The 2% increase was the fifth consecutive quarterly increase to distributions.

Overall revenues decreased 1.9% in the first quarter of 2017 to $177.4 million from $180.8 million in the first quarter of 2016. The period-over-period decrease was due to a lower retail electricity price environment despite increased overall electric volumes, lower solar revenues impacted by the ongoing transition from the reseller model to the fully integrated installer model and associated ramp-up in solar sales as the Company integrates the SunEdison acquisition and the elimination of fees received from independent contractors following the Viridian sales channel restructuring completed in July 2016.

Revenues from solar system sales in the first quarter of 2017 were $0.3 million, down from $0.9 million in the first quarter of 2016, and continue to reflect the ongoing transition from the reseller model to the integrated installer model and the associated ramp-up in sales as the Company integrates the SunEdison acquisition. Gross solar sales of 271 systems representing 1.8 MW during the quarter are in line with management expectations as the transition to the integrated model moves forward. During the quarter, 15 solar installations were completed representing 0.1 MW.

Gross margin for first quarter of 2017 was $37.1 million, a decrease from $40.2 million of gross margin in the first quarter of 2016. As a percentage of total revenue, gross margin was 20.9% in the first quarter of 2017, down from 22.2% in the same quarter of the previous year. The reduced gross margin as a percentage of revenue reflects a continuation of recent trends and driven by the increased proportion of commercial and municipal aggregation customers that the Company now services following the acquisitions of TriEagle Energy LP ("**TriEagle Energy**") and Iron Energy, LLC d/b/a/ Kona Energy ("**Kona Energy**"). Commercial customers provide the benefit of diversification to the customer portfolio and have a higher retention profile than residential customers, although with lower average unit margins.

After adjusting for the below-mentioned legal reserve and elevated legal costs, Adjusted EBITDA in the first quarter of 2017 was $14.5 million, an increase from the $13.0 million reported in the first quarter of 2016. Management are pleased with the Adjusted EBITDA results for the quarter, given they were negatively impacted by the materially milder than normal winter temperatures, and the $2.4 million negative contribution to Adjusted EBITDA from the solar business due to ongoing costs related to the integration and ramp-up of the fully integrated solar business model.

The Company is party to various claims and proceedings arising in the normal course of business including several ongoing litigation and regulatory matters relating to certain sales and marketing practices. Management believes the Company is in a strong legal position and is vigorously defending these matters and has successfully defeated several such actions. However, as of March 31, 2017, in accordance with applicable accounting standards, Management took prudent steps and established a legal reserve for the Company of $6.5 million regarding these pending matters. Management does not expect the disposition of these matters to have a material adverse effect on the Company's results of operations or financial condition and will seek to resolve these matters in the manner Management believes to be in the best interests of Unitholders. This legal reserve, together with associated legal fees of $2.5 million incurred in the current quarter were excluded from Adjusted EBITDA and Distributable Cash.

Distributable Cash was $7.7 million in the first quarter of 2017 compared to $9.8 million in the first quarter of 2016. Total Distributions paid in the first quarter of 2017 represented a quarterly Payout Ratio of 75.3% compared to 58.2% in the first quarter of 2016. The quarter-over-quarter decrease in Distributable Cash and increase in Payout Ratio are due to increased unit-based compensation payments made during the current quarter following the vesting of three year unit-based compensation grants issued pursuant to the Company's Phantom Unit Rights Plan. For the last twelve months, Distributable Cash was $36.6 million and Total Distributions paid were $22.7 million, representing a Payout Ratio of 62.0%.

As at March 31, 2017, Crius Energy had 1,003,000 customers, up from 982,000 at the beginning of the quarter, representing net customer growth of 21,000 customers, or 2.1%, consistent with net growth in recent quarters. Net customer adds were negatively impacted by elevated customer attrition in the first quarter of 2017. While the underlying trend over the last several years of improving customer retention rates remains intact, the first quarter was impacted by the non-renewal of several large commercial customers. The Company is pleased that it was able to offset these non-renewals with gross customer additions driven by success in the municipal aggregations segment as well as certain default service auctions, in which Crius Energy contracts with local utilities to provide tranches of load-following power to retail customers of that utility.

At March 31, 2017, the Trust had Total Cash and Availability of $37.5 million, consisting of $9.1 million of cash availability and $28.4 million available under the Company's credit facility with Macquarie Energy LLC ("**Macquarie Energy**"), and was impacted by $8.3 million in temporary cash collateral posting requirements associated with the default service auctions the Company participated in during the first quarter of 2017, which have since been returned. This compares to the Total Cash and Availability as at December 31, 2016 of $49.9 million, consisting of cash and cash equivalents of $10.9 million and $39.0 million, respectively available under the credit facility.

In October 2016, the Company, having exceeded its office capacity at locations in Connecticut, relocated to a renovated, 48,000 square foot space in the state that accommodates current operating requirements and provides space for future growth. As part of the relocation strategy, the Connecticut DECD provided an $8.0 million forgivable loan package at an interest rate of 2.0% for a term of up to ten years to support Crius Energy’s global headquarters expansion project. The principal portion of the loan is deferred for the first four years and will be eligible for forgiveness credits as new jobs are created in the state. In addition, the Company is eligible to receive up to $2.0 million in tax credits through the Urban Redevelopment Authority Program as well as a $0.1 million grant to train employees. This funding was used for furniture, fixtures and equipment at the expanded headquarters, as well as leasehold improvements.

OUTLOOK

Management is encouraged with the recent performance of the Company and believe that future growth prospects - both organic and through acquisitions - remain robust. Our core deregulated energy business is a fundamentally strong operating business that began the year by delivering continued growth in customers and Adjusted EBITDA. This upward trend is expected to continue as the Company achieves customer growth by leveraging the family of brands and multi-channel marketing platform. However, as highlighted in our first quarter results, strong growth in the commercial and municipal aggregation segments may cause our customer counts to experience increased quarterly volatility due to the size, either individually or in aggregate, of the customer contracts executed in these segments. This trend is expected to continue as we plan to continue growth in the commercial and municipal aggregation segments.

Management continues to focus on growth in the deregulated energy business in the commercial, municipal aggregation and residential customer segments. Having delivered consistent quarter-over-quarter organic customer growth and surpassing our one million customer threshold during the first quarter of 2017, we remain focused on driving continued organic growth. We have been very successful in recent quarters, and see continued growth in the commercial and municipal aggregation business segment, and while these are typically lower margin customers, they provide diversification and generally have longer term contracts that provide value and stability to the portfolio. To counterbalance growth in the lower-margin commercial and municipal aggregation customer segments, which have been the predominant driver of growth in recent quarters as growth in the residential segment has moderated, we are launching several new sales initiatives in the direct-to-consumer segment that are aimed at enhancing growth in our residential customer portfolio.

During the first quarter of 2017, we announced a five-year extension to our existing exclusive partnership with Comcast to continue marketing electricity and natural gas products to their customer base, with plans to be fully integrated into Comcast's core home product suite by the end of the year. In addition, we expanded our relationship through a five-year strategic agreement to jointly market an Integrated Energy Platform to domestic and international service providers interested in offering energy products to their customer base. The IEP leverages existing assets from both Comcast and Crius Energy, including technology and resources, to provide partner service providers with the ability to efficiently offer their customers, among other products, electricity, natural gas and solar energy provided by Crius Energy, as well as technology and home efficiency products provided by Comcast.

While the IEP is expected to formally launch in the second half of 2017, through a three-year strategic agreement, Crius Energy on-boarded Rise Broadband as the first IEP partner, and platform offerings will be launched in the second quarter of 2017 in Illinois, Indiana and Texas with plans to offer services throughout Rise Broadband's coverage area in 16 states where they serve several hundred thousand customers. The Company is actively marketing the IEP to third party partners and has a robust pipeline of potential partners, with a second potential IEP partner commencing a trial on the platform in the coming quarters. These partner initiatives are aimed at accelerating growth in the customer portfolio, and are expected to provide enhanced customer retention and value.

In the solar business, we have significantly expanded our capabilities and now have the technology, team, and expertise that transforms Crius Energy from a reseller of solar products to a vertically integrated solar business. We have substantially completed the integration of the direct residential solar assets from SunEdison acquired at the end of last year, and are now actively operating in six states including California, Connecticut, Massachusetts, New Jersey, New York, and Rhode Island, with plans to expand to Florida, Maryland, and Texas within one year. In the second quarter of 2017, we expect to complete the acquisition of Verengo, which will provide first-party installation capabilities in California, with plans to strategically extend this capability in the future to other states where we operate. These acquisitions position Crius Energy to capture market share in the dynamic U.S. residential solar segment and, while first quarter sales results continued to reflect the ongoing transition from the reseller model to the integrated installer model, we have on-boarded several key partners that we expect to ramp-up in the second quarter. As a result, Management expect sales and earnings from the solar business to increase throughout the year, and maintain the estimated Adjusted EBITDA contribution of $3.0 million to $6.0 million in 2017, with an expected step up in 2018 and beyond.

In April 2017, the Board approved a 2% increase in distributions paid to Unitholders, following consecutive increases in each quarter since January 2016. The increase was the result of the ongoing success of the deregulated energy business and the early stage success of the vertically integrated solar business, and the confidence that both Management and the Board have in delivering on the Company strategy. With a conservative Payout Ratio of 62% for the last twelve months and the Company's ongoing focus on cash flow generation, the Board has signaled that they will continue to increase distributions throughout 2017 and evaluate further increases beyond the end of the year.

In addition to the successful organic growth strategy, Management continue to see a robust market for potential customer portfolio acquisition opportunities, which could represent significant growth upside for Crius Energy. The Company continues to maintain conservative levels of debt and sufficient access to capital to execute on potential acquisition opportunities.

With a strong and growing core deregulated energy business of over one million customers, and an expanded, fully integrated solar business, the Company is well positioned to leverage significant opportunities across both dynamic industries which we believe will enable us to continue grow cash flows and value to our Unitholders.

Selected Consolidated Financial and Operational Data

The following selected historical financial information has been derived from the unaudited interim condensed consolidated financial statements of the Trust as at and for the three month period ended March 31, 2017 and 2016 and the audited consolidated financial statements of the Trust as at and for the year ended December 31, 2016. The operating data has been prepared by Management based on the Company's records.

Statement of Income (Loss) Highlights
(in millions)

	Three months ended March 31, 2017	Three months ended March 31, 2016
Revenue	$177.4	$180.8
Cost of sales	140.3	140.6
Gross margin	37.1	40.2
Expenses		
Selling expenses	4.9	7.2
General and administrative	26.7	20.0
Unit-based compensation	2.6	1.6
Depreciation and amortization	17.7	9.4
Operating (loss) income	(14.8)	2.0
Other (expenses) income		
Finance costs	(2.3)	(2.8)
Distributions to non-controlling interest	—	(3.5)
Change in fair value of derivative instruments	(8.3)	(7.2)
Change in fair value of warrants	(0.6)	0.1
Change in fair value of non-controlling interest	—	(1.0)
Loss before income taxes	(26.0)	(12.4)
Provision for (benefit from) income taxes	0.2	(1.3)
Net loss	**$(26.2)**	**$(11.1)**
EBITDA[1]	(6.0)	(0.2)
Adjusted EBITDA[1]	**$14.5**	**$13.0**

Note:

(1) EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, net loss or other data prepared in accordance with IFRS. See *"Non -IFRS Financial Measures"*. The following table is a reconciliation of net loss to EBITDA and Adjusted EBITDA for the periods indicated.

Reconciliation of Net Income (Loss) to EBITDA and Adjusted EBITDA
(in millions)

	Three months ended March 31, 2017	Three months ended March 31, 2016
Net loss	$(26.2)	$(11.1)
Excluding the impacts of:		
Finance costs	2.3	2.8
Provision for (benefit from) income taxes	0.2	(1.3)
Depreciation and amortization	17.7	9.4
EBITDA	(6.0)	(0.2)
Excluding the impacts of:		
Unit-based compensation	2.6	1.6
Distributions to non-controlling interest	—	3.5
Change in fair value of derivative instruments	8.3	7.2
Change in fair value of warrants	0.6	(0.1)
Change in fair value of non-controlling interest	—	1.0
Legal reserve and associated legal fees	9.0	—
Adjusted EBITDA	**$14.5**	**$13.0**

Statement of Financial Position Highlights
(in millions)

	As at March 31, 2017	As at December 31, 2016
Current assets	$119.4	$126.3
Total assets	278.3	299.3
Current liabilities	147.0	146.9
Long-term liabilities	23.7	12.8
Unitholders' equity	107.6	139.6

Statement of Cash Flows Highlights
(in millions)

	Three months ended March 31, 2017	Three months ended March 31, 2016
Cash flows used in operating activities	$(8.2)	$(0.6)
Cash flows used in investing activities	(3.9)	(7.4)
Cash flows provided by financing activities	10.3	6.2
Cash and cash equivalents at beginning of period	10.9	11.2
Cash and cash equivalents at end of period	9.1	9.5

Operational Highlights

	Three months ended March 31, 2017	Three months ended March 31, 2016
Electricity		
Volumes (MWh)	1,786,000	1,744,000
Revenue ($ million)	162.5	164.3
Gross margin ($ million)	31.4	32.8
Gross margin ($/MWh)	17.60	18.79
Gross margin as a % of revenue	19.3%	19.9%
Natural gas		
Volumes (MMBtu)	2,533,000	2,595,000
Revenue ($ million)	13.0	13.2
Gross margin ($ million)	3.8	4.1
Gross margin ($/MMBtu)	1.52	1.58
Gross margin as a % of revenue	29.4%	31.1%

Customer Aggregation

The following table summarizes the Company's gross additions and drops in electricity and natural gas customers from both organic growth and acquisitions activity over the trailing four quarters ending March 31, 2017.

Customer Aggregation
(in customers)[1]

	Opening Customer Count	Customer Adds	Customer Drops	Net Change	Closing Customer Count
Electricity	849,000	106,000	(77,000)	29,000	878,000
Natural Gas	67,000	4,000	(7,000)	(3,000)	64,000
Quarter ended June 30, 2016	**916,000**	**110,000**	**(84,000)**	**26,000**	**942,000**
Net Change % of Opening Customer Count				***2.8%***	
Electricity	878,000	88,000	(68,000)	20,000	898,000
Natural Gas	64,000	5,000	(5,000)	—	64,000
Quarter ended September 30, 2016	**942,000**	**93,000**	**(73,000)**	**20,000**	**962,000**
Net Change % of Opening Customer Count				***2.1%***	
Electricity	898,000	86,000	(65,000)	21,000	919,000
Natural Gas	64,000	5,000	(6,000)	(1,000)	63,000
Quarter ended December 31, 2016	**962,000**	**91,000**	**(71,000)**	**20,000**	**982,000**
Net Change % of Opening Customer Count				***2.1%***	
Electricity	919,000	153,000	(126,000)	27,000	946,000
Natural Gas	63,000	3,000	(9,000)	(6,000)	57,000
Quarter ended March 31, 2017	**982,000**	**156,000**	**(135,000)**	**21,000**	**1,003,000**
Net Change % of Opening Customer Count				***2.1%***	

Note:
(1) Customer counts in the above table refer to RCEs or residential customer equivalents, an industry standard unit of measurement of consumption per annum equivalent to 10 MWh (or 10,000 kWh) in the case of the electricity and 100 MMBtu in the case of natural gas. We have estimated the number of RCEs in accordance with industry conventions based on information available regarding customers and their historical usage and are subject to adjustment based on updated available information. Customer adds and customer drops do not always reflect a customer's service commencement date or service end date due to time lags following the customer's enrolment date and termination request date.

Solar system sales and installations

The following table summarizes the Company's solar systems sold and solar systems installed over the three months ending March 31, 2017. The sales and installations relate only to sales and installations under the current integrated solar business model, and exclude any installations pursuant to the prior legacy reseller business model.

Solar Systems Sold and Installed[1]
(by number and in MW of generating capacity)

	Systems	MW
Quarter ended March 31, 2017		
Gross Sales	271	1.8
Installations	15	0.1

Note:
(1) Sales of solar systems in the above table represent gross sales only and we expect a certain portion of these sales to be cancelled by the customer prior to installation. Additionally, there is a time lag between gross sales and the installation of the solar systems, which may vary based on numerous factors.

Summary of Quarterly Results
(in millions)

	Quarter ended March 31, 2017	Quarter ended December 31, 2016	Quarter ended September 30, 2016	Quarter ended June 30, 2016	Quarter ended March 31, 2016	Quarter ended December 31, 2015	Quarter ended September 30, 2015	Quarter ended June 30, 2015
Revenue	$177.4	$171.4	$222.6	$169.0	$180.8	$147.5	$204.2	$166.3
Cost of sales	140.3	133.9	174.8	135.9	140.6	112.0	156.1	126.4
Gross margin	37.1	37.5	47.8	33.1	40.2	35.5	48.1	39.9
Expenses								
Selling expenses	4.9	6.6	8.4	6.6	7.2	9.8	11.6	7.5
General and administrative	26.7	17.3	26.1	12.9	20.0	17.3	20.4	18.6
Unit-based compensation	2.6	0.7	1.5	1.1	1.6	0.5	1.7	1.4
Depreciation and amortization	17.7	9.4	10.6	10.1	9.4	7.4	17.6	14.0
Operating (loss) income	(14.8)	3.5	1.2	2.4	2.0	0.5	(3.2)	(1.6)
Other (expenses) income								
Finance costs	(2.3)	(1.9)	(3.1)	(2.6)	(2.8)	(1.7)	(2.5)	(3.0)
Distributions to non-controlling interest	—	—	—	(2.2)	(3.5)	(3.8)	(3.2)	(3.9)
Change in fair value of derivative instruments	(8.3)	21.3	(5.3)	37.4	(7.2)	(1.6)	11.0	3.8
Change in fair value of warrants	(0.6)	0.1	—	—	0.1	0.2	(0.6)	(0.2)
Change in fair value of non-controlling interest	—	—	—	7.7	(1.0)	9.3	(17.1)	(25.3)
(Loss) income before income taxes	(26.0)	23.0	(7.2)	42.7	(12.4)	2.9	(15.6)	(30.2)
Provision for (benefit from) income taxes	0.2	2.4	(1.6)	2.4	(1.3)	(2.9)	2.6	0.5
Net (loss) income	**$(26.2)**	**$20.6**	**$(5.6)**	**$40.3**	**$(11.1)**	**$5.8**	**$(18.2)**	**$(30.7)**

Reconciliation of Net (Loss) Income to EBITDA and Adjusted EBITDA

	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Net loss (income)	$(26.2)	$20.6	$(5.6)	$40.3	$(11.1)	$5.8	$(18.2)	$(30.7)
Excluding the impacts of:								
Finance costs	2.3	1.9	3.1	2.6	2.8	1.7	2.5	3.0
Provision for (benefit from) income taxes	0.2	2.4	(1.6)	2.4	(1.3)	(2.9)	2.6	0.5
Depreciation and amortization	17.7	9.4	10.6	10.1	9.4	7.4	17.6	14.0
EBITDA	(6.0)	34.3	6.5	55.4	(0.2)	12.0	4.5	(13.2)
Excluding the impacts of:								
Unit-based compensation	2.6	0.7	1.5	1.1	1.6	0.5	1.7	1.4
Distributions to non-controlling interest	—	—	—	2.2	3.5	3.8	3.2	3.9
Change in fair value of derivative instruments	8.3	(21.3)	5.3	(37.4)	7.2	1.6	(11.0)	(3.8)
Change in fair value of warrants	0.6	(0.1)	—	—	(0.1)	(0.2)	0.6	0.2
Change in fair value of non-controlling interest	—	—	—	(7.7)	1.0	(9.3)	17.1	25.3
Loss on sale of Viridian assets and related charges	—	—	7.3	—	—	—	—	—
Legal reserve and associated legal fees	9.0	—	—	—	—	—	—	—
Adjusted EBITDA	**$14.5**	**$13.6**	**$20.6**	**$13.6**	**$13.0**	**$8.4**	**$16.1**	**$13.8**

Distributable Cash and Payout Ratio

	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Cash flows from operating activities	$(8.2)	$15.2	$19.2	$7.1	$(0.6)	$3.8	$26.7	$(0.5)
Changes in operating assets and liabilities	(14.2)	2.2	(1.2)	(6.7)	(14.9)	(9.4)	13.7	(14.6)
Cash flows from operating activities excluding changes in operating assets and liabilities	**$6.0**	**$13.0**	**$20.4**	**$13.8**	**$14.3**	**$13.2**	**$13.0**	**$14.1**
Finance costs included in financing activities	(2.3)	(2.3)	(3.1)	(2.5)	(2.5)	(2.0)	(3.1)	(2.1)
Maintenance Capital Expenditures	(0.9)	(1.2)	(6.1)	(2.0)	(1.4)	(2.2)	(2.9)	(2.0)
Unit-based compensation payments	(4.1)	(0.3)	(0.6)	—	(0.6)	—	—	—
Legal reserve and associated legal fees	9.0	—	—	—	—	—	—	—
Distributable Cash	**$7.7**	**$9.2**	**$10.6**	**$9.3**	**$9.8**	**$9.0**	**$7.0**	**$10.0**
Distributions to non-controlling interest	—	—	—	3.4	3.6	3.7	3.2	3.1
Distributions to Unitholders	5.8	5.7	5.6	2.2	2.1	2.2	1.9	1.4
Total Distributions	**$5.8**	**$5.7**	**$5.6**	**$5.6**	**$5.7**	**$5.9**	**$5.1**	**$4.5**
Payout Ratio	**75.3%**	**62.0%**	**52.8%**	**60.2%**	**58.2%**	**65.6%**	**72.9%**	**45.0%**

Discussion of Operations
For the three months ended March 31, 2017 and 2016

Revenue

For the three month period ended March 31, 2017, revenue was $177.4 million, representing a decrease of 1.9% from $180.8 million for the three month period ended March 31, 2016. In general, the period-over-period revenue comparisons were impacted by a lower retail electricity price environment despite increased overall electric volumes, lower solar revenues due to the transition from the reseller model to the fully integrated installer model and associated ramp-up in sales as the Company integrates the SunEdison acquisition and the elimination of fees received from independent contractors following the Viridian sales channel restructuring completed in July 2016.

Electricity

Electricity revenue for the three month period ended March 31, 2017 was $162.5 million, representing a decrease of 1.1% from $164.3 million for the three month period ended March 31, 2016, primarily as a result of a 3.4% lower average retail rate per unit, reflecting a lower energy price environment, partially offset by a 2.4% increase in volume. Electricity volumes for the three month period ended March 31, 2017 were 1,786,000 MWh representing an increase of 2.4% from 1,744,000 MWh for the three month period ended March 31, 2016, with the increase being due to higher average customers resulting from organic growth, partially offset by lower average usage per customer.

Natural Gas

Natural gas revenue for the three month period ended March 31, 2017 was $13.0 million, representing a decrease of 1.2% from $13.2 million for the three month period ended March 31, 2016, primarily as a result of a 2.4% decrease in volume, offset by a 1.2% higher average retail rate per unit. Natural gas volumes for the three month period ended March 31, 2017 were 2,533,000 MMBtu, representing a decrease of 2.4% from 2,595,000 MMBtu for the three month period ended March 31, 2016, with the decrease primarily resulting from lower customer numbers.

Solar Revenue

Solar revenue for the three month period ended March 31, 2017 was $0.3 million, representing a decrease from revenues of $0.9 million in the three month period ended March 31, 2016. Solar revenues are recognized upon the installation of the solar systems. Current period solar revenues were impacted by the ongoing transition from the reseller model to the integrated installer model and associated ramp-up in sales as the Company integrates the SunEdison acquisition.

Fee Revenue

Fee revenue, consisting of sign-up fees and other monthly fees received from independent contractors in the network marketing channel and various fees received from customers, for the three month period ended March 31, 2017 was $1.6 million, representing a decrease of 33.8% from $2.4 million for the three month period ended March 31, 2016, primarily attributable to the elimination of fees from Viridian independent contractors following the sale of certain Viridian assets in July 2016.

Gross Margin

For the three month period ended March 31, 2017, gross margin was $37.1 million, representing a decrease from $40.2 million for the three month period ended March 31, 2016. Gross margin for the three month period ended March 31, 2017 was 20.9% of total revenue, representing a decrease from 22.2% of total revenue for the three month period ended March 31, 2016. The reduction in gross margin as a percentage of revenue in the current quarter was primarily a result of the increased proportion of lower-margin commercial and municipal aggregation customers, consistent with recent trends and Management expectations, as well as the period-over-period reduction in solar revenues and the elimination of fees received from independent contractors following the sale of certain assets held by Viridian in July 2016.

Electricity

Electricity gross margin for the three month period ended March 31, 2017 was $31.4 million, representing a decrease of 4.1% from $32.8 million for the three month period ended March 31, 2016. For the three month period ended March 31, 2017, electricity gross margin was 19.3% of electricity revenues, and electricity gross margin per unit was $17.60/MWh, representing decreases from 19.9% and $18.79/MWh, respectively, for the three month period ended March 31, 2016. Electricity gross margin per unit in the quarter reflects the increased concentration of lower-margin commercial and municipal aggregation customers consistent with recent trends and Management expectation.

Natural Gas

Natural gas gross margin for the three month period ended March 31, 2017 was $3.8 million, a decrease from $4.1 million for the three month period ended March 31, 2016. For the three month period ended March 31, 2017, natural gas gross margin was 29.4% of natural gas revenues and natural gas gross margin per unit was $1.52/MMBtu, representing slight decreases from 31.1% and $1.58/MMBtu, respectively, for the three month period ended March 31, 2016.

Other

Gross margin for the three month period ended March 31, 2017 included solar gross margin of $0.2 million and various fees received from customers of $1.6 million. For three month period ended March 31, 2016, solar gross margin was $0.9 million and revenues from independent contractors in the network marketing channel and various fees received from customers were $2.4 million, with the period-over-period reductions due to the reasons noted above.

Selling Expenses

Selling expenses consist of commissions due to our various sales channels including to independent contractors in our network marketing channel, and to Viridian International Management LLC ("**Viridian International**") following the sale of certain Viridian assets in July 2016, commercial and residential brokers, telemarketing and door-to-door vendors, partners in our strategic partnerships, employees both for customer consumption and enrolling new electricity, natural gas and solar customers, and vendors used in the Company's direct mail and other direct marketing campaigns. Selling expenses are expensed in the period during which they are earned by the independent contractors, strategic partners, employees or vendors, as applicable.

Commissions earned are comprised of upfront commissions, which are primarily based on the successful enrollment of customers, and residual commissions, which are primarily based on customer consumption and receipt of customer payments. The commission structures utilized are summarized below:

- Commissions due to independent contractors for customers acquired through network marketing (prior to the sale of certain Viridian assets in July 2016) were calculated according to a multi-level compensation plan designed to reward independent contractors for building successful marketing networks. Under the compensation plan, independent contractors are eligible to earn upfront and residual commissions, cash bonuses and promotional pay based on a number of factors, including, but not limited to, customer enrollment and energy usage.

- Commissions due for customers acquired through our strategic partnerships, and through Viridian International (following the sale of certain Viridian assets in July 2016), are calculated primarily based on upfront commissions calculated per customer enrolled, and may be subject to a partial or full repayment of such commission for customers who terminate their service within certain time frames and a residual-based commission based on a revenue or energy usage over a customer's term of enrollment.

- Commissions due to independent contractors in our direct marketing channel are primarily comprised of upfront commissions, based on successful customer enrollments, and may be subject to a partial or full repayment of such commission for customers who terminate their service within certain time frames, or paid under hourly contracts. Selling costs also include costs from various vendors used in direct mail and other direct marketing campaigns.

- Commissions due to brokers in our commercial broker channel are primarily residual commissions, which are based on energy usage over a customer's term of enrollment.

- Commissions due to employees based on customer enrolments and/or the size and pricing of the solar systems sold.

For the three month period ended March 31, 2017, selling expenses were $4.9 million, representing a decrease of 32.4% from $7.2 million for the three month period ended March 31, 2016. Selling expenses for the three month period ended March 31, 2017 amounted to 2.8% of revenue compared to 4.0% of revenue for the three month period ended March 31, 2016. Selling costs in the quarter were lower, primarily driven by lower upfront customer acquisition costs as a result of channel mix of new customer sales, with increased, lower cost, commercial and municipal aggregation customer growth. These expenses consist of:

(a) Upfront electricity and natural gas customer acquisition commissions for the three month period ended March 31, 2017 of $1.2 million (amounting to $8 per customer acquired), representing a decrease from $3.0 million for the three month period ended March 31, 2016 (amounting to $31 per customer acquired), with the lower costs in the current quarter being attributable to increased customer additions related to municipal aggregations and default service auctions which are associated with minimal upfront selling costs.

(b) Residual-based electricity and natural gas commissions for the three month period ended March 31, 2017 of $3.1 million (amounting to 1.8% of revenues), representing a decrease from $3.4 million for the three month period ended March 31, 2016 (amounting to 1.9% of revenues). Residual-based commissions were impacted by the acquisition accounting for the TriEagle Energy and Kona Energy acquisitions: any residual-based commissions owed to brokers in relation to customers acquired as part of these acquisitions are treated under acquisition accounting as an assumed liability and were included in the purchase price allocation for the acquisition, based on estimated customer usage and contracted commission rates. Thus, the ongoing payment of residual-based commissions associated with the customers acquired in these acquisitions relieves the liability on the consolidated statement of financial position rather than being expensed as a selling cost and residual-based commissions are impacted by changes in estimates of the useful lives of the acquired customers.

(c) Solar selling costs for the three month period ended March 31, 2017 of $0.6 million, representing a decrease from $0.9 million for the three month period ended March 31, 2016. Solar selling expenses have exceeded solar revenues due to the impact of fixed selling costs and the ramp up of sales as the Company transitions from the reseller model to the integrated installer model.

General and Administrative Expenses

General and administrative expenses for the three month period ended March 31, 2017 were $26.7 million. This represented an increase from $20.0 million for the three month period ended March 31, 2016, as set out in the tables below. Excluding the impact of the legal reserve and associated legal fees of $9.0 million, general and administrative expenses for the three month period ended March 31, 2017 would have been $17.7 million.

General and Administrative Expenses
(in $ millions and % of revenue)

	Three months ended March 31, 2017		Three months ended March 31, 2016	
	$	%	$	%
POR fees / bad debt	$1.9	1.1%	$1.8	1.0%
Processing costs	1.2	0.7%	1.3	0.7%
Human resources	6.1	3.4%	8.0	4.4%
Gross receipts taxes and other taxes	1.8	1.0%	2.4	1.3%
Professional and consultant fees	1.3	0.7%	1.4	0.8%
Legal and regulatory	0.7	0.4%	1.0	0.6%
Solar operating expenses	2.0	1.1%	—	—%
Other costs	2.7	1.5%	4.1	2.3%
Legal reserve and associated legal fees	9.0	5.1%	—	—%
Total	**$26.7**	**15.1%**	**$20.0**	**11.1%**

General and administrative expenses incurred during the three month period ended March 31, 2017 were made up of the following categories:

(a) POR fees / bad debt primarily represent fees paid to the local distribution companies ("**LDCs**") pursuant to Purchase of Receivables ("**POR**") programs, under which the LDCs assume credit risk associated with customer non-payment and bad debt costs incurred in markets where the Company does not operate under a POR program, which exposes the Company to customer credit risk. The POR fees / bad debt costs for the three month period ended March 31, 2017 were $1.9 million, representing 1.1% of revenue, compared to $1.8 million for the three month period ended March 31, 2016, representing 1.0% of revenue for that period.

(b) Processing costs for the three month period ended March 31, 2017 of $1.2 million include various data processing and information technology costs incurred to service our customers and salesforce, compared to $1.3 million for the three month period ended March 31, 2016.

(c) Human resource costs for the three month period ended March 31, 2017 of $6.1 million, consist of costs incurred in relation to the Company's employee base, temporary staff and independent contractors compared to costs in the prior comparable period in 2016 of $8.0 million. The decrease was primarily the result of various workforce rationalizations implemented during 2016 as well as the impact of the Viridian sales channel restructuring.

(d) Gross receipts taxes and other taxes represent operational taxes in various states and jurisdictions and are primarily driven by revenue. For the three month period ended March 31, 2017 gross receipt taxes and other taxes were $1.8 million, representing 1.0% of revenue, compared to $2.4 million incurred in the prior comparable period in 2016, representing 1.3% of revenue.

(e) Professional and consultant fees for the three month period ended March 31, 2017 of $1.3 million represent audit, tax, investor relations, share registry, valuation, due diligence, internal controls consulting and other fees and compares to $1.4 million in the prior comparable period in 2016.

(f) Legal and regulatory costs for the three month period ended March 31, 2017 of $0.7 million represent external legal fees and compares to $1.0 million in the prior comparable period in 2016.

(g) Solar operating expenses for the three month period ended March 31, 2017 of $2.0 million represent costs associated with the operation of the solar business including the integration of the SunEdison acquisition. No solar operating expenses were incurred during the prior comparable period in 2016.

(h) Other costs for the three month period ended March 31, 2017 of $2.7 million represent the balance of corporate, operational and marketing related expenses incurred to operate our business. These costs compare to $4.1 million in the prior comparable period in 2016 with the reduction being primarily attributable to cost efficiencies achieved over the last twelve months including those resulting from the restructuring of the Viridian sales channel.

(i) Legal reserve and associated legal fees for the three month period ended March 31, 2017 of $9.0 million consisted of a legal reserve established by the Company of $6.5 million for certain pending litigation and regulatory matters relating to sales and marketing practices as well as associated legal fees of $2.5 million incurred in the first quarter of 2017. Management believes the Company is in a strong legal position and is vigorously defending these matters and has successfully defeated several such actions. Management does not expect the disposition of these matters to have a material adverse effect on the Company's results of operations or financial condition and will seek to resolve these matters in the manner Management believes to be in the best interests of Unitholders. This legal reserve, together with associated legal fees of $2.5 million incurred in the current quarter were excluded from Adjusted EBITDA and Distributable Cash.

Unit-Based Compensation

The unit-based compensation charge relates to the cumulative net issuance of Phantom Units to Management and other parties under the Company's Phantom Unit Rights Plan, as well as of Deferred Trust Units to the Board. For the three month period ended March 31, 2017, the unit-based compensation expense amounted to $2.6 million, representing an increase from $1.6 million for the three month period ended March 31, 2016. The expense reflects the fair value of the unit-based compensation based on the market price of the Units at the end of the period and the applicable vesting period.

Depreciation and Amortization

Depreciation and amortization relate to the property and equipment, and intangibles used in the Company's operations. Depreciation and amortization for the three month period ended March 31, 2017 was $17.7 million, representing an increase from $9.4 million for the three month period ended March 31, 2016. The increase is primarily attributable to the amortization associated with the acquisition of Kona Energy completed in the first quarter of 2016, as well as the impact of changes in estimates of the useful lives of certain intangible assets.

Finance Costs

Finance costs for the three month period ended March 31, 2017 were $2.3 million, representing a decrease from $2.8 million for the three month period ended March 31, 2016. Finance costs are primarily incurred pursuant to the Company's credit facility with Macquarie Energy. Refer to the discussion in the section entitled *"Liquidity and Capital Resources"* in this MD&A, for a detailed description of this facility. The lower finance fees for the three month period ended March 31, 2017 were positively impacted by certain Macquarie Energy facility pricing improvements put in place in conjunction with the acquisition of Kona Energy in the first quarter of 2016.

Distributions to Non-Controlling Interest

Due to certain provisions relating to redemption rights for the non-controlling interest in change of control circumstances that existed in the Trust's governance documents prior to the completion of the Remaining LLC Acquisition in June 2016, the non-controlling interest was classified as a long-term liability on the consolidated statement of financial position. Accordingly, prior to June 2016, distributions paid by Crius Energy to the non-controlling interest were included in the profit and loss under this caption. Distributions to non-controlling interest were $3.5 million for the three month period ended March 31, 2016. However, following June 2016 there are no longer distributions to non-controlling interest due to the elimination of the non-controlling interest ownership of the LLC Units as a result of the Remaining LLC Acquisition in June 2016, which resulted in acquisition by the Trust, directly or indirectly, of the remaining non-controlling interests in the Company, as discussed above.

Change in Fair Value of Derivative Instruments

The change in fair value of derivative instruments consists of changes in unrealized gains or losses on derivatives, which represent the estimated amount that the Trust would need to pay or receive to dispose of the remaining notional commodity or currency positions in the market if the derivative contracts to which the Company are party were to be terminated at the respective period end (see the section entitled *"Financial Instruments and Risk Management"* in this MD&A).

For the three month period ended March 31, 2017, the changes in unrealized gains or losses associated with derivative contracts was a net loss of $8.3 million compared to a net loss of $7.2 million for the three month period ended March 31, 2016. The net losses in the periods were primarily the result of decreases in forward electricity prices relative to our forward hedge positions.

Change in Fair Value of Derivative Instruments
(in millions)

	Three months ended March 31, 2017	Three months ended March 31, 2016
Forward electricity positions	$(6.9)	$(9.3)
Forward natural gas positions	(0.9)	1.9
Weather derivative positions	0.1	(0.4)
Forward currency positions	(0.6)	0.6
Change in fair value of derivative instruments	**$(8.3)**	**$(7.2)**

These gains and losses represent non-cash gains and losses associated with mark-to-market movements on forward hedge positions that are outstanding at period end. These hedges are put in place to hedge either the fixed price exposure of customers on fixed price contracts, the expected short-term exposure of variable priced customers, or the impacts of currency movements on the Trust's distributions, thereby minimizing the impact of these unrealized mark-to-market gains and losses.

Change in Fair Value of Warrants

The change in fair value of warrant liability for the three month period ended March 31, 2017 was a gain of $0.6 million compared to a loss of $0.1 million for the three month period ended March 31, 2016. These gains and losses represent the mark-to-market valuation of the 750,000 Unit purchase warrants ("**Warrants**") issued to Macquarie Energy as consideration for the expansion of the Supplier Agreement (as defined in the section entitled *"Liquidity and Capital Resources"* in this MD&A) in February 2014. The valuation of the Warrants is based on an option valuation model, and accordingly the non-cash gains and losses are the result of changes in the Unit price, volatility, yield, time to maturity and risk-free rate over the period.

Change in Fair Value of Non-Controlling Interest

In June 2016, the Trust acquired all the remaining LLC Units not already owned by the Trust, following which the Trust no longer has a non-controlling interest liability relating to the non-controlling members of the Company. Accordingly, the Company no longer has gains and losses representing the mark-to-market valuation of such non-controlling interest liability. However, due to certain provisions relating to redemption rights for the non-controlling interest in change of control circumstances that existed in the Trust's governance documents prior to the Remaining LLC Acquisition completed in June 2016, the non-controlling interest was classified as a long-term liability on the statement of financial position. Accordingly, this non-controlling interest is measured at fair value at the end of each period with the gain or loss being recorded in the profit and loss. The fair value of the non-controlling interest was measured principally based on the trading price of Units on the TSX, with an adjustment for certain profit interest units of the Company that was calculated using an option pricing model. The change in fair value of non-controlling interest was a gain of $1.0 million for the three month period ended March 31, 2016 and was primarily the result of changes in the trading price of Units, during the reporting period.

Provision for (Benefit From) Income Taxes

For the three month period ended March 31, 2017, the Trust recorded a provision for income taxes of $0.2 million and for the three month period ended March 31, 2016, the Trust recorded a benefit from income taxes of $1.3 million. The provision for (benefit from) income taxes is based on Management's estimate of the average annual effective income tax rate expected for the full financial year. For the three months ended March 31, 2017, with the impact of buyout of non-controlling interest of Crius Energy LLC in June 2016, the provision for or benefit from income taxes attributable to the Trust's continuing operations differs from the amount derived by applying the U.S. statutory federal rate of 34% to the pre-tax loss principally due to the effect of state taxes and judgments related to the ability to realize deferred taxes. For the three months ended March 31, 2016, the income tax provision (benefit) attributable to the Trust's operations differs from the amount derived by applying the U.S. statutory federal rate of 34% to pretax loss principally due to the effect of state taxes, judgments related to the ability to realize deferred taxes and permanent items such as distributions to non-controlling interest holders. Under United States partnership taxation rules, Crius Energy, LLC is not a taxable entity and its taxable income flows through to its partners who are then taxed on their allocable share of the partnership income.

Net Income (Loss)

For the three month period ended March 31, 2017, net loss was $26.3 million compared to net loss of $11.1 million, for the three month period ended March 31, 2016, with the changes primarily being attributable to the factors noted above. Net loss is impacted by numerous non-cash items, some being a result of the structure of the Trust and its subsidiaries as well as the industry in which they operate. Accordingly, Management believes the additional non-IFRS financial measures of Adjusted EBITDA and Distributable Cash are useful metrics to be considered together with net loss for evaluating the Trust's financial and operating performance, as they are measures that Management uses internally to assess performance.

Liquidity and Capital Resources

The Trust expects to have sufficient liquidity to fund its planned operations for the foreseeable future. The following are the primary sources of funding for future expenditures that are expected by Management to be available: (i) internally generated cash flow from operations; (ii) existing cash and working capital; and (iii) borrowing capacity under the Company's supplier agreement (the "**Supplier Agreement**") with Macquarie Energy. Additionally, Management may seek to raise capital through the following means: (iv) external debt financing; and (v) the issuance of additional Units.

Supplier Agreement

The Supplier Agreement provides for the exclusive supply of the Company's wholesale energy needs and hedging requirements for a term ending in January 2019. Under the Supplier Agreement, Macquarie Energy assumes the responsibility for meeting all the credit and collateral requirements with each Independent System Operator. Further, the Company's customers as well as the LDCs serving the Company's customers are directed to remit all customer payments into a designated restricted bank account (the "**Lockbox**"), and the funds in that account are used to pay Macquarie Energy for energy supplied and other fees and interest due under the Supplier Agreement. The trade payables are secured by funds pledged in the Lockbox, accounts receivable, natural gas inventory and all other Company assets.

Macquarie Energy extends trade credit to buy wholesale energy supply, with all amounts due being payable in the month following the delivery of the energy. The credit extended under the Supplier Agreement is limited to an overall exposure limit of $250.0 million subject to certain standard financial covenants, and limited to a calculated credit base based on restricted cash in the Lockbox, billed and unbilled receivables, natural gas inventory, forward value of customers and certain other items. The Company incurs a volumetric fee based on the wholesale energy delivered, which is included as finance costs in the profit and loss. Effective February 1, 2016, the Company entered into an amended Supplier Agreement with Macquarie Energy, whereby the volumetric fees are temporarily reduced until the Company reaches an agreed upon savings. Upon reaching the targeted savings, the volumetric fees will revert to their previous rate.

The Supplier Agreement includes a working capital facility with a sub-limit of $60.0 million under which letters of credit and cash advances can be made based on the calculated credit base. Such letters of credit and cash advances under this line are subject to an annual interest rate of 5.5% plus LIBOR, with an incremental interest rate of 1.25% applied to borrowings above a certain threshold.

Under the Supplier Agreement, the Company and its operating subsidiaries are permitted to make monthly distributions provided that (i) no event of default, termination event or potential event of default under the Supplier Agreement has occurred, (ii) Macquarie Energy has been paid in full for all amounts owing under all then outstanding monthly invoices, (iii) Macquarie Energy has not received notice that any amount owed to any party is then currently past due, and (iv) the requested distribution would not result in a breach of any covenant under the Supplier Agreement. For a detailed description of the Supplier Agreement, refer to the section entitled "*Principal Agreement with Macquarie Energy*" in the annual information form of the Trust for the fiscal year ended December 31, 2016, dated March 16, 2017, which is available on SEDAR under the Trust's issuer profile at www.sedar.com and on the Trust's website at www.criusenergytrust.ca.

As at March 31, 2017, the Company has $20.0 million outstanding under its credit facility, compared to $9.5 million outstanding as at December 31, 2016. As at March 31, 2017, the Company was in compliance with all covenants under the Supplier Agreement.

Term Loan

During the quarter ended March 31, 2017, the Connecticut DECD advanced a Term Loan to the Company in the amount of $8.0 million, for a term of up to 10 years, at an annual interest rate of 2.0%. Repayment of the Term Loan principal is deferred for the first four years of the loan term. The Term Loan contains a provision for potential debt forgiveness or early redemption based on the Company achieving certain headcount targets agreed upon with the Connecticut DECD.

Total Cash and Availability

As at March 31, 2017, the Trust had Total Cash and Availability of $37.5 million, consisting of cash and cash equivalents of $9.1 million and $28.4 million of availability under the Macquarie Energy credit facility. This compares to the Total Cash and Availability as at December 31, 2016 of $49.9 million, consisting of cash and cash equivalents of $10.9 million and $39.0 million of availability under the Macquarie Energy credit facility. Total Cash and Availability was negatively impacted by $8.3 million in temporary cash collateral posting requirements associated with the default service auctions that we participated in during the first quarter, which have since been returned.

Cash Flow used in Operations

Cash flow used in operations for the three month period ended March 31, 2017 amounted to $8.2 million and included net outflows of $14.2 million for changes in operating assets and liabilities, which compared to cash flow used in operations for the three month period ended March 31, 2016 of $0.6 million and included net outflows of $14.9 million for changes in operating assets and liabilities. Excluding these changes in operating assets and liabilities, cash flow from operations was $6.0 million for the three month period ended March 31, 2017, compared to $14.4 million for the three month period ended March 31, 2016, with the decrease being primarily attributable to the $9.0 million legal reserve and associated legal fees for certain pending litigation and regulatory matters relating to certain sales and marketing practices.

Changes in operating assets and liabilities primarily arise due to the time lag associated with the cash conversion cycle or the period between the time the Company pays for wholesale energy and the time it receives payments from our customers for the energy it sells, which is also impacted by the business' growth and seasonality. The credit facility in place with Macquarie Energy is a borrowing base facility and, as such, provides access to cash that is needed to fund changes in operating assets and liabilities associated with the build-up of customer accounts receivables and trade payables subject to a borrowing base.

Adjusted Working Capital

As at March 31, 2017, the Trust had an Adjusted Working Capital balance of negative $11.5 million compared to Adjusted Working Capital of negative $13.4 million as at December 31, 2016. During the quarter the Adjusted Working Capital benefited from the $8.0 million Connecticut DECD loan, but was adversely impacted by the $6.5 million legal reserve recorded in the quarter. The negative working capital is primarily attributable to the $11.7 million purchase prices for the acquisitions in 2016, which were funded by cash. As at March 31, 2017, the current portion of the assumed liabilities totaled $2.5 million for estimated residual-based broker commissions for both the acquisitions of Kona Energy and TriEagle Energy, and therefore contributed to the negative Adjusted Working Capital as at March 31, 2017. Adjusted Working Capital is defined as current assets less current liabilities, excluding unrealized gains and losses on derivatives. The table below shows a reconciliation of Adjusted Working Capital to the Trust's consolidated balance sheet as prepared under IFRS:

Adjusted Working Capital
(in millions)

	As at March 31, 2017	As at December 31, 2016
Current assets	119.4	126.3
Current liabilities	147.0	146.9
Working capital	**$(27.6)**	**$(20.6)**
Adjusted for the impact of:		
Other current financial assets	(1.1)	(2.1)
Other current financial liabilities	17.2	9.3
Adjusted Working Capital	**$(11.5)**	**$(13.4)**

Distributable Cash and Distributions

Distributable Cash for the three month period ended March 31, 2017 was $7.7 million and Total Distributions paid for the quarter were $5.8 million, which represented a Payout Ratio of 75.3% of Distributable Cash. This compares to Distributable Cash of $9.8 million, Total Distributions of $5.7 million and a Payout Ratio of 58.2% for the quarter ending March 31, 2016.

Distributable Cash for the last twelve month period ended March 31, 2017 was $36.6 million and Total Distributions paid for the period were $22.7 million, which represented a Payout Ratio of 62.0% of Distributable Cash. This compares to Distributable Cash of $38.8 million, Total Distributions of $22.6 million and a Payout Ratio of 58.2% for the year ended December 31, 2016.

The above decreases in Distributable Cash and corresponding increases in Payout Ratio over the prior comparable periods, were attributable to the increased unit-based compensation payments on account of the vesting of Phantom Units granted under the Company's Phantom Unit Rights Plan, which vest three years from the date of grant to executives and other key employees, with such increases impacted by increases in the Unit price over the vesting period.

The following table provides a reconciliation of Cash flows provided by (used in) operating activities to Distributable Cash and shows the Payout Ratio of Total Distributions as a percentage of Distributable Cash.

Distributable Cash and Payout Ratio
(in millions)

	Three months ended March 31, 2017	Three months ended March 31, 2016	Trailing twelve months ended March 31, 2017	Twelve months ended December 31,
Cash flows (used in) provided by operating activities	$(8.2)	$(0.6)	$33.4	$41.0
Changes in operating assets and liabilities	(14.2)	(14.9)	(19.8)	(20.6)
Cash flows from operating activities excluding changes in operating assets and liabilities	**6.0**	**14.3**	**53.2**	**61.6**
Finance costs - included in financing activities	(2.3)	(2.5)	(10.3)	(10.5)
Maintenance Capital Expenditures	(0.9)	(1.4)	(10.3)	(10.8)
Unit-based compensation payments	(4.1)	(0.6)	(5.0)	(1.5)
Legal reserve and associated legal fees	9.0	—	9.0	—
Distributable Cash	**$7.7**	**$9.8**	**$36.6**	**$38.8**
Distributions to non-controlling interest	—	3.6	3.4	6.9
Distributions to Unitholders	5.8	2.1	19.3	15.7
Total Distributions	**$5.8**	**$5.7**	**$22.7**	**$22.6**
Payout Ratio	**75.3%**	**58.2%**	**62.0%**	**58.2%**

Contractual Obligations

In the normal course of business, the Company is obligated to make future payments under various non-cancellable contracts and other commitments. As at March 31, 2017, the payments due by period are set out in the following table:

Contractual Obligations (in millions)	**Contractual cash flow**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**
Trade and other payables	$148.1	$119.4	$28.6	$—
Operating leases	13.0	0.9	6.1	6.0
Financing leases	0.9	0.4	0.4	—
Credit facility	20.0	20.0	—	—
Distribution payable	1.9	1.9	—	—
Other non-current liabilities	6.8	—	6.0	0.9
Term loan payable	6.1	—	3.2	2.9
	$196.8	**$142.6**	**$44.3**	**$9.8**

Outstanding Unit Data

At the date of this MD&A, the Trust had (i) 40,086,451 Units outstanding and (ii) 750,000 Warrants outstanding, which were issued to Macquarie Energy in February 2014 and (iii) 72,728 Deferred Trust Units issued under the Trust's Deferred Trust Unit Plan to non-executive Administrator Directors as a component of their annual Director compensation. Of the 750,000 Warrants outstanding, 687,500 Warrants are vested with the remaining 62,500 Warrants due to vest on February 7, 2018. The Warrants have a strike price of C$6.23 per Unit over a five-year term ending on February 6, 2019.

Financial Instruments and Risk Management

Overview

The Trust's operations are affected by a number of underlying risks, both internal and external to the Trust. The Trust's financial position, results of operations and cash distributions are directly impacted by these factors. A full listing of the operational and business risks is set out in the annual information form of the Trust for the fiscal year ended December 31, 2016, dated March 16, 2017, which is available on SEDAR under the Trust's issuer profile at www.sedar.com and on the Trust's website at www.criusenergytrust.ca. The Trust's activities expose it to a variety of financial risks that arise as a result of its operating, investing, and financing activities, including:

- market risk, including commodity risk, interest rate risk and foreign currency risk;
- credit risk, including customer credit risk and counterparty credit risk;
- liquidity risk; and
- supplier risk.

This part of the MD&A sets out information about the Trust's exposure to each of the above-noted risks, the Trust's objectives, policies and processes for measuring and managing such risks, and the Trust's management of capital. Further quantitative disclosures are included throughout the Trust's consolidated financial statements.

Market Risk

Market risk is the potential loss that may be incurred as a result of changes in the market or fair value of a particular instrument or commodity. Components of market risk to which the Trust is exposed are discussed below.

Commodity risk

The Company has entered into contracts with customers to provide electricity or natural gas at variable or fixed prices. Fixed-price contracts expose the Company to changes in market prices of electricity and natural gas, as the Company is obligated to purchase electricity and natural gas at floating wholesale market prices for delivery to its customers. The Trust is, therefore, exposed to market risks associated with commodity prices and market volatility where estimated customer requirements do not match actual customer requirements. Management actively monitors these positions on a daily basis in accordance with the Company's risk management policy (the "**Risk Management Policy**"). The Risk Management Policy prohibits speculative positions and sets out a variety of hedging limits, most importantly a target of maintaining a 100% hedged position, within certain tolerance bands, at all times for fixed-price contracts exposure in our electricity and natural gas portfolios. The Trust's exposure to market risk is affected by a number of factors, including the accuracy of estimation of customer commodity requirements, commodity prices, and market volatility and liquidity.

Electricity and natural gas derivatives

To reduce its exposure to short-term and long-term movements in commodity prices, arising from the procurement of electricity and natural gas at floating prices, the Company uses derivative instruments. These derivative instruments are principally physical forward contracts and fixed-for-floating swaps, whereby the Company agrees with a counterparty, through the Supplier Agreement, to take physical delivery or cash settle the difference between the floating price and the fixed price on a notional quantity of electricity or natural gas, for a specified timeframe at a specified location. The cash flow from these instruments is expected to be effective in offsetting the Company's price exposure and serves to fix the Company's wholesale cost of electricity or natural gas to be delivered to the customer. The Company remains subject to commodity risk for any volumetric differences between the actual quantities used by customers and the forecasted quantities upon which the commodity hedging instruments are based.

Realized swap settlements under derivative instruments are included in cost of sales in the Trust's interim condensed consolidated statements of comprehensive loss. Unrealized gains or losses resulting from changes in the fair value of the derivative instruments, generally referred to as mark-to-market gains or losses, have been recognized as the change in fair value on derivative instruments in the interim condensed consolidated statements of comprehensive loss.

The fair value of derivative financial instruments is the estimated amount that the Company would pay or receive to dispose of these derivative instruments in the market in the unlikely event that the Company was required to dispose of its derivative instruments. The Company has estimated the value of its derivative instruments using market-based, forward wholesale price curves wherever available.

As at March 31, 2017, the Company had electricity and natural gas derivative instruments outstanding with the following terms:

	Notional Volume	Total Remaining Volume	Maturity Date (months)	Fixed Price ($)	Fair Value ($ millions)	Notional Value ($ millions)
Fixed-for-floating electricity swaps	1 – 50 MW	4,386,281 MWh	1 – 57	$21.30 to $74.24	$(9.7)	$158.0
Fixed-for-floating natural gas swaps	80.6 – 1,071 MMBtu	957,600 MMBtu	1 – 15	$2.75 to $4.22	$0.1	$3.9
Physical electric forward contracts	0 – 23 MW	1,868,629 MWh	1 – 54	$20.75 to $71.43	$(7.3)	$62.4
Physical natural gas forward contracts	(180) – 2,221 MMBtu	405,477 MMBtu	1	$2.68 to $3.70	$(0.1)	$1.2
Fixed-for-floating electricity basis swaps.	(15) – 15 MW	– MWh	1 – 9	($5.50) to $36.55	$(0.2)	$7.5
Fixed-for-floating natural gas basis swaps	0 – 667 MMBtu	– MMBtu	1 – 3	($0.13) to ($0.01)	$—	$—
Heat rate forward contracts	2 – 5 MW	42,144 MWh	1 – 15	$9.97 to $18.45	$(0.2)	$1.7
Electricity capacity contracts	25,000 KWM	25,000 KWM	1	$1.25	$—	$0.0
Financial transmission rights	0.3 – 12.83 MW	531,666 MWh	1 – 14	($5.15) to $7.56	$0.3	$0.5

The fair value of electricity and natural gas financial instruments is significantly influenced by the variability of forward commodity prices. Periodic changes in forward prices could cause significant changes in the mark-to-market valuation of these financial instruments. For example, assuming that all other variables remain constant, a market move of +/-10% would result in an increase (decrease) in net loss and total comprehensive loss of $20.9 million but would not impact Adjusted EBITDA or Distributable Cash.

Interest rate risk

The Trust is exposed to interest rate risk on certain advances within the Supplier Agreement and on the Term Loan. As at March 31, 2017, the Trust has cash advances and letters of credit outstanding of $20.0 million and $11.6 million respectively, under the Supplier Agreement, and therefore, is exposed to interest rate risk. The Trust is also exposed to interest rate risk on certain loans and other receivables totaling approximately $5.8 million, owed to it by other parties including Verengo and Big Sky Gas. This is a cash flow risk, due to the variable interest rate of these loans, not a fair value risk, as the loans are carried at amortized cost. The Trust's current exposure to interest rate risk does not economically warrant the use of derivative instruments and the Trust does not currently believe that it is exposed to material interest rate risk. In the three month period ended March 31, 2017 the impact of a 1.0% increase (decrease) in the interest rate on these balances would not have had a material impact on finance costs in the statement of comprehensive loss.

Foreign currency risk

The Trust is exposed to currency rate risk because the Company's business operations are conducted in United States dollars, whereas distributions to Unitholders are denominated in Canadian dollars and the Units are traded on the TSX in Canadian dollars.

Currency derivatives

The Trust's policy is to mitigate its exposure to currency rate movements by entering into currency derivative products, including foreign currency options whereby the Company agrees with a counterparty to have the right to swap the floating price for a fixed price on a notional quantity of currency at or over a specified timeframe. The Trust maintains a rolling hedging program for this foreign currency exposure of at least 12 forward months, which may be extended on a quarterly basis.

As at March 31, 2017, the Trust was hedged for this currency exposure for 21 months to December 31, 2018 with a weighted average floor exchange rate of C$1.34 per US$1.00, based on approximately the current level of future distributions. Subsequent to the end of the first quarter this hedge cover was extended to December 31, 2019 with a blended average floor exchange rate of C$1.34 per US$1.00.

As at March 31, 2017, the Company had foreign currency derivatives outstanding with the following terms:

	Notional Value (millions)	Maturity Date (months)	Fixed Price	Fair Value (millions)
Foreign currency options	US$38.8 C$51.1	1 – 21	C$1.34 per US$1	US$1.1

Realized settlements under derivative instruments are included in the relevant section of the interim condensed consolidated statements of comprehensive loss or interim condensed consolidated balance sheet. Unrealized gains or losses resulting from changes in the fair value of the derivatives, generally referred to as mark-to-market gains or losses, have been recognized as the change in fair value on derivative instruments in the interim condensed consolidated statements of comprehensive loss.

The fair value of derivative financial instruments is the estimated amount that the Company would pay or receive to dispose of these derivative instruments in the market in the unlikely event that the Company was required to dispose of its derivative instruments. The Company has estimated the value of derivative instruments using market-based prices and option valuation methods.

Period to period changes in forward currency prices could cause significant changes in the mark-to-market valuation of these hedge contracts. For example, assuming that all other variables remain constant, a market move in C$ to US$ of +/-10% would result in increase (decrease) in net income (loss) of $3.2 million and $(1.0) million, respectively, but would not impact Adjusted EBITDA or Distributable Cash.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The Trust is exposed to credit risk in two specific areas: customer credit risk and counterparty credit risk.

Customer credit risk

In certain markets in which the Company serves electricity and natural gas customers, LDCs provide collection services and assume the risk of any bad debts owing from the Company's customers for a fee, which is referred to as a POR fee. Management believes that the risk of the LDCs failing to deliver payment to the Company is minimal; however, there is no assurance that the LDCs that provide these services will continue to do so in the future.

In certain other markets in which the Company operates, the Company is exposed directly to customer credit risk. As a result, credit review and other processes have been implemented to perform credit evaluations of customers and manage customer defaults. Customer credit risk exposure represents the risk related to the Company's accounts receivable from certain markets. If a significant number of customers in these markets were to default on their payments, it could have an adverse effect on the operations and cash flows of the Company.

As at March 31, 2017, the customer credit risk exposure was in the amount of $7.5 million, compared to $7.8 million for the year ended December 31, 2016 and the accounts receivable aging for these markets are as follows:

	Total (millions)	Current (millions)	30-59 days (millions)	Over 60 days (millions)
Accounts receivable	$7.5	$6.6	$0.4	$0.5

Counterparty credit risk

Counterparty credit risk represents the loss that the Trust would incur if a counterparty fails to perform its contractual obligations. This risk would manifest itself in the Trust replacing the contracted commodities or currencies at prevailing market rates, thus impacting the related financial results. Counterparty risk related to Macquarie Energy for all wholesale energy supply positions and other counterparties for currency and other derivatives amounted to $1.1 million as at March 31, 2017 compared to $2.1 million for the year ended December 31, 2016, representing the risk relating to the Company's derivative financial assets. The Trust is also exposed to counterparty credit risk on certain loans and other receivables totaling approximately $11.5 million, owed to it by other parties including Viridian International, Verengo and Big Sky Gas. The amounts due from Viridian International of $5.7 million are fully reserved for, based on the Company's current understanding and assessment of Viridian International's ability to pay. The Trust is further exposed to counterparty credit risk in relation to certain guarantees issued to vendors of Verengo. If Verengo is not able to meet its financial obligations to its vendors, the Trust is responsible for the full and timely performance of those obligations. The failure of a counterparty to meet its contracted obligations could have a material adverse effect on the operations and cash flows of the Trust.

Liquidity risk

Liquidity risk is the potential inability to meet financial obligations as they fall due. The Trust manages this risk by monitoring near-term and long-term cash flow forecasts to ensure adequate and efficient use of cash resources and credit facilities.

The table in the section entitled *"Contractual Obligations"* of this MD&A outlines the contractual maturities of the Trust's financial liabilities as at March 31, 2017.

Supplier risk

The Company purchases the energy it delivers to its customers through contracts entered into with Macquarie Energy. This exposes the Company to supplier risk, as its ability to continue to deliver energy to its customers depends upon the ongoing operations of this supplier and its fulfillment of its contractual obligations.

Off-Balance Sheet Arrangements

Pursuant to the Supplier Agreement, the Company has issued letters of credit as at March 31, 2017 and December 31, 2016 totaling $11.6 million and $11.5 million, respectively, to various counterparties, principally LDCs.

Pursuant to separate arrangements with various insurance companies, the Company has issued surety bonds to various counterparties, including U.S. states, regulatory bodies and LDCs in return for a fee and/or meeting certain collateral posting requirements. Such surety bond postings are required in order to operate in certain U.S. states or markets. Surety bonds issued as at March 31, 2017 and December 31, 2016 totaled $18.7 million and $18.8 million, respectively.

We do not reasonably expect any presently known trend or uncertainty to affect our ability to continue using these arrangements.

Transactions Between Related Parties

Certain transactions between the Trust and its subsidiaries meet the definition of related party transactions, including intercompany notes and administrative service fees between the Trust and its subsidiaries. These transactions are eliminated on consolidation and are not disclosed in the Trust's consolidated financial statements.

All related party transactions are in the normal course of operations and have been measured at the agreed to exchange amounts, which are the amounts of consideration established and agreed to by the related parties.

LLC Units Acquisition

On May 18, 2016, the Trust and Crius Energy Corporation, an indirect wholly-owned subsidiary of the Trust, initiated a tender offer, as amended on June 9, 2016 (the "**Tender Offer**"), to purchase all 19,458,942 LLC Units not already owned, directly or indirectly, by the Trust (referred to as the Remaining LLC Acquisition in this MD&A). All 19,458,942 LLC Units subject to the Tender Offer were validly tendered by the holders thereof (each, a "**Remaining LLC Seller**"), following which, on June 23, 2016, the Trust acquired, directly or indirectly, all such 19,458,942 LLC Units subject to the Tender Offer for aggregate consideration comprised of 14,760,000 Units and approximately $45.3 million in cash.

Each of Michael Fallquist, Roop Bhullar and Cami Boehme was a Remaining LLC Seller under the Tender Offer, and each (i) was an insider of the Trust, and (ii) received, in exchange for their LLC Units, a buy-out payment comprised of Units and cash set forth below.

Name of Insider	Position of Insider	Number of LLC Units Held	Buy-Out Payment
Michael Fallquist	Chief Executive Officer	1,506,538	C$4.5 Million & 1,150,000 Units
Roop Bhullar	Chief Financial Officer	62,221	C$0.2 Million & 40,000 Units
Cami Boehme	Chief Strategy Officer	38,060	C$0.2 Million & 20,000 Units
Total		**1,606,819**	**C$4.9 Million & 1,210,000 Units**

For greater certainty, following the Remaining LLC Acquisition, the Trust holds, directly or indirectly, a 100% interest in the Company, and there are no LLC Units held by Michael Fallquist, Roop Bhullar and Cami Boehme. The Trust has no ongoing contractual or other commitments to the foregoing individuals resulting from the acquisition of the LLC Units of such Remaining LLC Sellers. Each of Michael Fallquist and Roop Bhullar continue to hold the above positions with the Trust as of the date hereof. Cami Boehme is no longer an officer of the Trust.

Proposed Transactions

In September 2016, Crius announced the proposed acquisition of Verengo, a California based solar installation business. A special purpose vehicle, Crius Solar Fulfillment, LLC, was formed to serve as the debtor-in-possession lender and bidder for the purchase of Verengo, in a bankruptcy proceeding under chapter 11 of the United States Bankruptcy Code. Crius Energy Corporation, through its 64.5% equity ownership interest, is the controlling member of Crius Solar Fulfillment, LLC, which also has three non-controlling members consisting of two prominent clean technology investment firms and a lender in the residential solar finance industry.

In addition to the involvement of Crius Solar Fulfillment, LLC as pre-petition and debtor-in-possession lender (for an initial amount of $4.8 million, which is to be used for the bankruptcy proceeding under chapter 11 of the United States Bankruptcy Code and payments to certain creditors of Verengo), Crius Solar Fulfillment, LLC entered into the Purchase Agreement to acquire Verengo, which primarily consists of a residential solar installation platform and certain contracts and human capital. The Purchase Agreement sets forth the bid of Crius Solar Fulfillment, LLC for Verengo in the bankruptcy proceedings, and reflects a purchase price of approximately $11.9 million. The purchase price is to be satisfied by the credit-bidding of the amounts outstanding under various loans owing to Crius Solar Fulfillment, LLC by Verengo and the partial credit-bidding of certain secured notes acquired by Crius Solar Fulfillment, LLC from the prior note-holders. The transaction is expected to close in the second quarter of 2017.

Critical Accounting Estimates

The preparation of the consolidated financial statements requires the use of judgments, estimates and assumptions to be made in applying accounting policies that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities, at the date of the consolidated financial statements, and the reported income and expenses during the reporting period.

Judgment is commonly used in determining whether a balance or transaction should be recognized in the consolidated financial statements and estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated. As the basis for its judgments, Management uses estimates and related assumptions which are based on previous experience and various commercial, economic and other factors that are considered reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised. Actual outcomes may differ from these estimates under different assumptions and conditions.

Judgments, made by Management in the application of IFRS that have a significant impact on the consolidated financial statements relate to the following:

Revenue recognition

Accounts receivable includes an unbilled receivables component, representing the amount of energy consumed by customers as at the end of the period but not yet billed. Unbilled receivables are estimated by the Trust using usage data available, multiplied by the current customer average sales price per unit.

Allowance for doubtful accounts

The Trust reviews its accounts receivable at each reporting date to assess whether an allowance needs to be provided to reflect estimated amounts that will not be collected from customers. In particular, judgment by Management is required in the estimation of the amount and timing of collectability of accounts receivable, based on financial conditions, the aging of the receivables, customer and industry concentrations, the current business environment and historical experience.

Fair value of financial instruments

Determining the fair value of financial instruments requires judgment and is based on market prices or Management's best estimates if there is no market and/or if the market is illiquid. Where the fair value of financial instruments recorded cannot be derived from active markets, they are determined using valuation techniques including making internally generated adjustments to quoted prices in observable markets. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgment includes consideration of inputs such as liquidity risk, credit risk and volatility of the underlying commodity price. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Provisions for regulatory and litigation claims

Significant Management judgment is required to determine the amount of provisions to record for liabilities relating to regulatory and litigation claims. Provisions are recognized when the Trust has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is recognized in the in the profit and loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the profit and loss.

Impairment of intangible or non-financial assets

In assessing the recoverable amount of intangible assets or non-financial assets for potential impairment, the Trust evaluates value in use and fair value less costs of disposal. In doing so, the Trust's market capitalization is considered, as well as recent market transactions or other market indicators, future cash flows, including the discount rate to be used to calculate the present value of those cash flows. These calculations require the use of estimates. If these estimates change in the future, the Trust may be required to record impairment charges related to intangible or other non-financial assets.

Deferred taxes

Significant Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income realized, including the usage of tax-planning strategies.

Useful life of property and equipment and intangible assets

The amortization method and useful lives reflect the pattern in which Management expects the asset's future economic benefits to be consumed by the Trust, including customer attrition rates.

Acquisition accounting

Management uses judgment to determine whether an acquisition meets the criteria of an asset acquisition or a business combination by reviewing inputs, processes, and outputs within a transaction. All identifiable assets, liabilities and contingent liabilities acquired in an asset acquisition or business combination are recognized at fair value on the date of acquisition. Estimates are used to calculate the fair value of these assets and liabilities as at the date of acquisition.

Classification of Units as equity

Units give the Unitholder the right to put the Units back to the Trust in exchange for cash. IAS 32 *Financial Instruments: Presentation* establishes the general principle that an instrument which gives the holder the right to put the instrument back to the issuer for cash should be classified as a financial liability, unless such instrument has all of the features and meets the conditions of the IAS 32 "puttable instrument exemption". If these "puttable instrument exemption" criteria are met, the instrument is classified as equity. The Trust has examined the terms and conditions of its Trust Indenture and classifies its outstanding Units as equity because the Units meet the "puttable instrument exemption" criteria as there is no contractual obligation to distribute cash.

New Standards and Accounting Policies Adopted

The interim condensed consolidated financial statements have been prepared following the same accounting policies as the financial statements for the year ended December 31, 2016, with the exception of the following new standards:

Amendments to IAS 7 *Statement of Cash Flows* are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after January 1, 2017, with early application permitted. Application of the amendments has resulted in additional disclosures in the Trust's interim condensed consolidated financial statements.

The amendments to IAS 12 *Income Taxes* clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in the opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. These amendments are effective for annual periods beginning on or after January 1, 2017, however, they did not have an impact on the Trust's interim condensed consolidated financial statements.

Accounting Pronouncement Issued but Not Yet Applied

Below is an accounting pronouncement that was issued but is not yet effective up to the date of issuance of the Trust's interim condensed consolidated financial statements. The Trust will adopt this standard when it becomes effective.

IFRS 15 *Revenue from Contracts with Customers* was released in May 2014 which focuses on a principles based five–step model which is required to be applied to all contracts with customers. The guidance amongst other things provides for (i) whether revenue should be recognised at a point in time or over time, which replaces the previous distinction between goods and services, (ii) identifies distinct performance obligations, accounting for contract modifications and accounting for the time value of money and (iii) new, increased requirements for disclosure of revenue in the financial statements. Furthermore, the standard specifies how to account for incremental costs of obtaining a contract and the costs directly associated with fulfilling a contract. Provided these costs are expected to be recovered, such costs will be capitalized, subsequently amortized over the useful life of customers and tested for impairment. IFRS 15 must be applied in an entity's first annual IFRS financial statements for periods beginning on or after January 1, 2018, with early adoption permitted. The Trust will transition either using a full retrospective approach or a modified retrospective approach. While the Trust is still evaluating the method of adoption and the impact of the new revenue standard, as amended, on its interim condensed consolidated financial statements and related disclosures, the Trust believes the adoption of the new standard will primarily impact its accounting for direct incremental costs of obtaining customer contracts

(for example, one-time commissions and fees paid for new customer origination) and fixed capacity charges because the new standard requires deferral and amortization of certain direct incremental costs which are currently being expensed as incurred.

Disclosure Controls and Procedures & Internal Controls over Financial Reporting

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Trust is accumulated and communicated to Management of the Trust as appropriate to allow timely decisions regarding required disclosure.

The Chief Executive Officer and Chief Financial Officer of the Trust are responsible for establishing and maintaining disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"), as those terms are defined in National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**").

The Chief Executive Officer and Chief Financial Officer of the Trust have concluded that, as at March 31, 2017, the Trust's DC&P have been designed and operate effectively to provide reasonable assurance that (i) material information relating to the Trust is made known to them by others, particularly during the period in which the annual filings are being prepared, and (ii) information required to be disclosed by the Trust in its annual filings, interim filings or other reports filed or submitted by the Trust under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. They have also concluded that the Trust's ICFR have been designed effectively to provide reasonable assurance regarding the reliability of the preparation and presentation of the financial statements for external purposes in accordance with IFRS, and were effective as at March 31, 2017.

It should be noted that, while the Chief Executive Officer and Chief Financial Officer of the Trust believe that the Trust's DC&P provide a reasonable level of assurance that they are effective, they do not expect that the disclosure controls will prevent all errors and fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

ICFR are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external reporting purposes in line with IFRS. Management is responsible for establishing and maintaining appropriate ICFR in relation to the nature and size of the Trust. However, any system of ICFR has inherent limitations and can only provide reasonable assurance with respect to financial statement preparation and presentation.

The Trust's ICFR has been designed based on the control framework established in *Internal Control - Integrated Framework* published in 2013 by The Committee of Sponsoring Organizations of the Treadway Commission. There were no changes to the Trust's ICFR that occurred during the period ended March 31, 2017 that materially affected, or are reasonably likely to affect, the Trust's ICFR.

Limitation on Scope of Design

The Chief Executive Officer and Chief Financial Officer of the Trust have limited the scope of design of DC&P and ICFR to exclude controls, policies and procedures of any business acquired by the Trust on or after July 1, 2016, including the SunEdison acquisition, which closed in September 2016. This limitation on scope is in accordance with section 3.3(1)(b) of NI 52-109, which allows an issuer to limit its design of DC&P and ICFR to exclude controls, policies and procedures of a business that the issuer acquired not more than 365 days before the last day of the period covered by this MD&A.

Non-IFRS Financial Measures

Statements throughout this MD&A make reference to EBITDA, Adjusted EBITDA, Distributable Cash, Total Distributions, Payout Ratio, Adjusted Working Capital, Total Cash and Availability and Maintenance Capital Expenditures which are non-IFRS financial measures commonly used by financial analysts in evaluating the financial performance of companies, including companies in the energy industry. Accordingly, Management believes these non-IFRS financial measures may be useful metrics for evaluating the Trust's financial performance as they are measures that Management uses internally to assess performance, in addition to IFRS measures. As there is no generally accepted method of calculating these non-IFRS financial measures, these terms as used herein are not necessarily comparable to similarly titled measures of other companies. These non-IFRS financial measures have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, net income (loss), cash flow provided from (used in) operating activities or other data prepared in accordance with IFRS. Additionally, there

may be certain items included or excluded from these non-IFRS financial measures that are significant in assessing the Trust's operating results and liquidity.

Forward-Looking Statements

This MD&A contains forward-looking statements and forward-looking information (collectively, "**forward-looking statements**") including, without limitation, statements relating to non-IFRS financial measures; the confidence of Management and the Board; the Trust's outlook, strategy, and ability to execute its business objectives; future payments owed to the Company; the electricity, natural gas and solar industries; governmental regulatory regimes; acquisitions and strategic partnerships; marketing channels; customers and customer growth; hedging strategies; risk management; market risk; credit risk; off-balance sheet arrangements; related party-transactions; liquidity and capital resources; critical accounting estimates; ICFR; potential transactions; results of operations; financial position or cash flows; expenses and distributions to Unitholders. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or describes a "goal", or variation of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. All forward-looking statements reflect the Trust's beliefs and assumptions based on information available at the time the statements were made. Actual results or events may differ from those predicted in these forward-looking statements. All of the Trust's forward-looking statements are qualified by (i) the assumptions that are stated or inherent in such forward-looking statements, and (ii) the risks described in the section entitled *"Financial Instruments and Risk Management"* in this MD&A and in the sections entitled *"Risk Factors"* and *"Forward-Looking Statements"* in the annual information form of the Trust for the fiscal year ended December 31, 2016, dated March 16, 2017, which is available on SEDAR under the Trust's issuer profile at www.sedar.com and on the Trust's website at www.criusenergytrust.ca. Forward-looking statements involve known and unknown risks, future events, conditions, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, prediction, projection, forecast, performance or achievements expressed or implied by the forward-looking statements. Although the Trust has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Trust disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events, or otherwise, except in accordance with applicable securities laws.