MANAGEMENT'S DISCUSSION AND ANALYSIS
CRIUS ENERGY TRUST

August 14, 2017

This management's discussion and analysis ("**MD&A**") of Crius Energy Trust (the "**Trust**") dated August 14, 2017 has been prepared with all information available up to and including August 14, 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 and six months ended June 30, 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 of 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 innovative electricity, natural gas and solar products to residential and commercial customers through exclusive partnerships and direct-to-consumer marketing channels. Our unique brands offer consumers a broad suite of energy products and services including fixed and variable contracts, renewable energy, and bundled products to support their energy needs beyond what is offered by their local utility. Company growth is achieved organically with customers acquired through our diversified marketing channels and through accretive acquisitions in the deregulated energy and solar industries, where there is a significant opportunity to participate in the consolidation of market participants. The Company currently sells energy products in 18 states and the District of Columbia 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 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.

"**Remaining LLC Acquisition**" means the acquisition by Crius Energy, directly or indirectly of all of the remaining LLC Units of the Crius Energy, LLC not already owned by Crius Energy Corporation.

"**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.

Q2 2017 HIGHLIGHTS

Financial Highlights

- Revenue of $180.2 million in the second quarter of 2017, representing a 6.6% increase from $169.0 million in the second quarter of 2016, partially driven by increased solar revenues.

- Gross margin of 20.6% of total revenue for the second quarter of 2017, representing an increase from the gross margin of 19.5% achieved in the second quarter of 2016, primarily due to increased solar revenues.

- Adjusted EBITDA of $14.1 million in the second quarter of 2017, representing an increase from $13.6 million achieved in the second quarter of 2016. Adjusted EBITDA for the second quarter of 2017 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 second quarter of 2017 of $1.4 million.

- Distributable Cash for the second quarter of 2017 was $11.4 million and Total Distributions were $5.8 million, resulting in a quarterly Payout Ratio of 50.9%. This compares to Distributable Cash of $9.4 million, Total Distributions of $5.6 million and a Payout Ratio of 59.6% for the quarter ended June 30, 2016. The increase in Distributable Cash and decrease in Payout Ratio are primarily due to improved operating cash flows and reduced capital expenditures.

Operational Highlights

- Achieved net customer growth of 25,000 customers in the second quarter of 2017, representing 2.5% quarter-over-quarter growth, with Crius Energy's total customer count reaching 1,028,000
    - Added 172,000 customers from sales and marketing channels, representing an increase over the average in the prior four quarters of 113,000, with the increase primarily driven by a large contribution coming from municipal aggregations.
    - Gross customer drops in the second quarter of 147,000 customers were higher than the average in the prior four quarters of 91,000, primarily due to elevated non-renewals, specifically in the commercial segment as well as approximately 40,000 default service customer non-renewals during the quarter.

- Continued development of the solar business
    - Sold 258 solar systems representing 1.8 MW of generating capacity.
    - Completed the purchase of certain residential solar installation assets from Verengo, Inc. ("**Verengo**") in May 2017. The Verengo platform and team, with a track-record of over 20,000 solar installations dating back to 2008, will augment our residential solar platform, as it provides vertically integrated capability in California.
    - Launched a community solar initiative during the quarter by entering into a strategic partnership with a leading developer of community based solar projects, under which Crius Energy will offer a direct-to-consumer program that allows customers the ability to purchase solar energy from community based solar installations, backed by five-year power purchase agreements.

Growth and Corporate Highlights

- Announced a 2% distribution increase
    - In April 2017, the Board approved a 2% increase to distributions paid on Units during 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.
    - Represents the sixth increase since the beginning of 2016, signaling both Management and the Board's confidence in the Company's growth strategy in the deregulated energy and solar businesses.

- Announced the acquisition of U.S. Gas & Electric, Inc. ("**USG&E**")
    - In May 2017, Crius Energy entered an agreement to indirectly purchase through one of its subsidiaries, USG&E, a leading U.S. energy retailer with natural gas and/or electricity customers in 11 States and D.C. (the "**USG&E Acquisition**"), for total consideration of $152.5 million plus approximately $20 million in working capital, for a total purchase price of approximately $172.5 million.
    - The USG&E Acquisition is expected to materially enhance the financial profile of the Trust and is expected to increase Distributable Cash by 60%, Adjusted EBITDA by 59% and reduce the Payout Ratio by 9% to 53% on a pro-forma basis for the 12-month period ended March 31, 2017.

    - The USG&E Acquisition would have represented an approximate 16% increase to Distributable Cash per Unit on a pro-forma basis for the 12-month period ended March 31, 2017 and is expected to deliver accretion in 2017 and 2018, before accounting for planned synergies.

- Equity offering of C$126.5 million by way of a "bought deal" public offering to partially fund the USG&E Acquisition
    - In May 2017, concurrent with the announcement of the USG&E Acquisition, Crius Energy entered an agreement with a syndicate of underwriters pursuant to which the underwriters agreed to purchase from the Trust, on a "bought deal" basis, and sell to the public 11,224,500 subscription receipts ("**Subscription Receipts**") at a price of C$9.80 per Subscription Receipt (the "**Offering Price**") for total gross proceeds of C$110.0 million (the "**Offering**"). The Trust also granted the Underwriters an option (the "**Over-Allotment Option**") to purchase up to an additional 1,683,675 Subscription Receipts (the "**Additional Subscription Receipts**") at the Offering Price, per Additional Subscription Receipt.
    - In June 2017, the Trust announced the closing of the base offering of Subscription Receipts at the Offering Price for aggregate gross proceeds of C$110.0 million and the closing in full of the Over-Allotment Option, pursuant to which 1,683,675 Additional Subscription Receipts were issued at the Offering Price for additional aggregate gross proceeds of C$16.5 million.

Highlights Subsequent to the end of Q2 2017

- Successful completion of USG&E Acquisition
    - In July 2017, Crius Energy successfully completed the acquisition of USG&E.
    - As a result, the Trust added a diverse portfolio of electricity and natural gas customers, totaling approximately 375,000 RCEs in Connecticut, Illinois, Kentucky, Maryland, Massachusetts, Michigan, New Jersey, New York, Ohio, Pennsylvania and the District of Columbia.
    - Following the acquisition, Crius Energy serves nearly 1.4 million RCEs, representing an approximate 37% increase to the customer portfolio at the time of closing, and is now positioned among the 10 largest independent energy retailers in North America.
    - In connection with the closing of the USG&E Acquisition, the Subscription Receipts and Additional Subscription Receipts issued under the Offering were converted, on a one-for-one basis, into 12,908,175 Units. The Trust also issued a total of 3,847,870 Units to the selling stock holders of USG&E, as partial consideration for the acquisition for a total equity issuance of 16,756,045 Units. The Units issued to the selling stockholders of USG&E are subject to lock-up agreements of between 4 to 6 months.

- Announced further distribution growth
    - In July 2017, the Board approved an additional 2% increase to distributions paid on Units for the third quarter of 2017, representing an annualized increase of C$0.0158 per Unit and a total annualized distribution of C$0.8043 per Unit.
    - With the completion of the USG&E Acquisition and the expected pro-forma improvements to Distributable Cash, and Payout Ratio, the Board and Management were confident in delivering another 2% increase for the third quarter. Additionally, the USG&E Acquisition materially enhances the financial profile of the Trust and the Board is committed to delivering increased distributions through the remainder of 2017.

- Acquisition of Big Sky Gas Holdings, LLC ("**Big Sky Gas**")
    - In July 2017, Crius Energy acquired a 100% equity interest in Big Sky Gas, a natural gas marketing business with approximately 4,000 customers based in Montana. The aggregate purchase price consisted of the conversion of a $0.5 million convertible term loan and the exercise of warrants held by the Company for 81% ownership interest in Big Sky Gas. The remaining 19% ownership interest was acquired in exchange for an earn-out, based on future profitability targets agreed between the parties.

Q2 2017 DISCUSSION

The second quarter of 2017 was highlighted by the announcement of the acquisition of USG&E, as it represents a highly accretive transaction and a significant milestone for Crius Energy. The acquisition materially enhances the financial profile of the Trust as the pro-forma business now serves 1.4 million customers and generates more than $1 billion of revenue and $100 million of Adjusted EBITDA annually.

In the second quarter of 2017, as a result of Management and the Board's confidence in 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 sixth consecutive quarterly increase to distributions.

Overall revenues increased 6.6% in the second quarter of 2017 to $180.2 million from $169.0 million in the second quarter of 2016. The period-over-period increase is primarily the result of higher solar revenues, mainly due to revenues earned related to the new community solar initiative described below.

Solar revenues in the second quarter of 2017 were $5.0 million, an increase from $0.8 million in the second quarter of 2016. Solar revenues in the second quarter of 2017 were comprised of two components. The first component was the $1.6 million in revenue related to the installation of solar systems. During the quarter, 35 solar installations were completed representing capacity of 0.2 MW. In terms of the gross solar sales pipeline, 258 systems representing 1.8 MW were sold during the current quarter, which was broadly in line with gross sales in the first quarter of 2017. While the transition from the legacy reseller model to the integrated model continues to progress, the ramp in sales and installations has been slower than initially expected, primarily due to challenges with key financing partners in the industry. The second component was the $3.4 million in revenue related to the aggregation of community solar customers under a new strategic partnership entered into with a leading developer of community based solar projects. Under the agreement, which was entered into during the quarter, Crius Energy will offer a direct-to-consumer program that allows customers to purchase solar energy from community based solar installations backed by five-year power purchase agreements. Crius Energy receives a customer acquisition fee which is recognized as revenue based upon customer acquisition activity, which is primarily undertaken prior to the development of the solar farms, with the balance of the revenue being recognized over the life of the agreements, based on customer acquisition required to replace attrition experienced. The initial agreement is related to solar farms in the Texas market with nameplate capacity of approximately 63 MW to be developed in 2017, which equates to approximately 32,000 community solar customers, of which approximately two-thirds were signed up in the second quarter of 2017. Crius Energy has the option to participate in a similar project in 2018 for additional developments of approximately 32 MW of installed capacity, which equates to approximately 16,000 community solar customers.

Gross margin for the second quarter of 2017 was $37.2 million, an increase from $33.1 million of gross margin in the second quarter of 2016. As a percentage of total revenue, gross margin was 20.6% in the second quarter of 2017, an increase from 19.5% in the same quarter of the previous year. The increased gross margin as a percentage of revenue was primarily a result of revenues stemming from the aggregation of community solar customers under the new community solar initiative. Without this new initiative, gross margin would have been 19.1% of revenue for the quarter, in line with recent trends and Management's expectations.

After adjusting for the below-mentioned legal reserve and associated legal costs, Adjusted EBITDA in the second quarter of 2017 was $14.1 million, an increase from the $13.6 million reported in the second quarter of 2016. Management is pleased with the Adjusted EBITDA results for the quarter, given they were negatively impacted by milder than normal weather conditions during the second quarter and by $1.3 million in transaction costs comprising various legal, tax and professional fees, in connection with the USG&E Acquisition.

During the first quarter of 2017, in accordance with applicable accounting standards, Management established a legal reserve of $6.5 million for various claims and proceedings that Crius Energy is a party to, arising in the normal course of business, including several ongoing litigation and regulatory matters relating to certain sales and marketing practices. Management continues to believe the Company is in a strong legal position and the Company is vigorously defending these matters and has successfully defeated several such actions historically. Based on developments during the second quarter of 2017, Management has increased the reserve to $13.0 million to reflect its best estimates of the total costs required to fully resolve these pending claims. Despite this large increase in the reserve, Management is pleased to report that it is significantly closer to resolution of these pending claims and has entered into an agreement in principle to settle these 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. The additional legal reserve of $6.5 million, together with associated legal fees of $1.4 million incurred in the second quarter of 2017, were excluded from Adjusted EBITDA and Distributable Cash. Management expects the legal fees incurred in connection with these matters to continue to decrease as the matters near resolution.

Distributable Cash was $11.4 million in the second quarter of 2017 compared to $9.4 million in the second quarter of 2016. Total Distributions paid in the second quarter of 2017 represented a quarterly Payout Ratio of 50.9% compared to 59.6% in the second quarter of 2016. For the last twelve months, Distributable Cash was $39.0 million and Total Distributions paid were $22.9 million, representing a Payout Ratio of 58.7%.

As at June 30, 2017, Crius Energy had 1,028,000 customers, up from 1,003,000 at the beginning of the quarter, representing net customer growth of 25,000 customers, or 2.5%, driven by strong growth in the municipal aggregations, including a large municipal aggregation in the state of Massachusetts in which Crius Energy will serve approximately 90,000 residential customers under a three-year contract commencing in January 2018. Robust customer additions in the quarter were offset by elevated non-renewals, specifically in the commercial segment as well as approximately 40,000 default service customer non-renewals during the quarter.

At June 30, 2017, the Trust had Total Cash and Availability of $29.7 million, consisting of $29.4 million of cash and cash equivalents, and $0.3 million available under the Company's credit facility with Macquarie Energy LLC ("**Macquarie Energy**"), and was impacted by several large tax payments and elevated payments related to renewable energy certificates, with the second quarter being a key renewable portfolio standards compliance deadline in our core North East electric markets. Additionally, the credit facility balance at the end of the quarter was impacted by a draw of $19.0 million to partially fund the cash portion of the purchase price of the USG&E Acquisition, which closed several days after quarter-end on July 5, 2017. 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.

OUTLOOK

Crius Energy is well-positioned to continue to grow cash flows and distributions to Unitholders as a result of continued growth and diversity in the core deregulated electricity and natural gas business combined with upside from the recent acquisition of USG&E, enhanced solar capabilities and the expanded relationship with Comcast. The core deregulated energy business continues to be a fundamentally solid operating business that delivers consistent growth in customers and Adjusted EBITDA. Management expects the positive trajectory to continue backed by our award-winning family of brands and multi-channel marketing platform, which has been further enhanced through the acquisition of USG&E.

The acquisition of USG&E was successfully completed early in July and represents a significant growth milestone for Crius Energy as the pro-forma business now serves 1.4 million customers and generates more than $1 billion of revenue and $100 million of Adjusted EBITDA annually. The acquisition of USG&E is expected to positively impact customer growth as USG&E has well-developed direct-to-consumer sales channels and that can be leveraged across new markets and products (solar) as well as customer win-back capabilities that will increase customer retention within the Company's legacy customer portfolio. Additionally, the acquisition provides diversification through the increased proportion of natural gas customers in Crius Energy's total customer portfolio from 6% to 14%, and provides deeper market penetration in existing electricity and natural gas markets. The USG&E portfolio, which largely consists of residential and small commercial customers, has achieved historic blended margins of greater than $200 per customer, which, when combined with the Crius Energy portfolio will have immediate positive margin impacts. Management is fully engaged in integrating the USG&E business and is focused on the key imperatives of driving success in sales and marketing and achieving meaningful synergies from the combined businesses and will provide updates regarding progress on these efforts on a quarterly basis going forward.

Earlier in the year, 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. We have achieved further integration of Crius Energy products into the Comcast core home product suite and are continuing to develop and refine the product offerings with plans to be fully integrated by the end of the year. In addition, we expanded our relationship through a five-year strategic agreement to jointly market the 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 late 2017, through a three-year strategic agreement, Crius Energy on-boarded Rise Broadband as the first IEP partner in late June. The program and platform offerings will eventually be offered 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 operate a vertically integrated residential rooftop solar business, having completed the acquisition and integration of both the direct residential solar assets from SunEdison and solar installation assets from Verengo. As a result, we now have lead-to-installation capability in 5 states, including California, Connecticut, Massachusetts, New Jersey, and Rhode Island. Further expansion of the solar business was achieved during the second quarter through a partnership with a leading U.S. solar developer with over 5 GW of local solar deployed or in development. Under the agreement, Crius Energy will offer a direct-to-consumer program that allows customers the ability to purchase solar energy from community based solar installations backed by five-year power purchase agreements. In 2017, Crius Energy expects to add approximately 32,000 customers on community solar products in Texas through new customer origination and cross-selling. Community solar represents a significant growth opportunity for our solar business given it is highly complementary to our residential rooftop solar sales process and Management will look for further opportunities to expand in this segment going forward. In 2018 we have the option to participate in an additional project that could see the addition of approximately 16,000 community solar customers under a similar structure to the arrangement entered into in the second quarter.

We continued to ramp the residential rooftop solar business during the quarter, albeit at a more protracted rate than initially expected, primarily due to unexpected challenges related to our key financing partners, challenges which Management believes are now showing signs of improvement. While we remain very enthusiastic about our market and industry position in the dynamic and growing U.S. residential solar market, as a result of these challenges, Management has revised previous estimates from the residential rooftop solar business and now expect no material net contribution to earnings through the end of 2017.

In December 2016, the New York Public Service Commission ("**NY PSC**") issued an order prohibiting energy service providers ("**ESCOs**") in the State of New York from serving customers enrolled in low-income assistance programs with their utility. Certain ESCOs and industry groups challenged this order in the New York Supreme Court on a variety of legal grounds. In late June 2017, the Court rejected the challenges by the ESCOs. The order took effect in late July 2017, following which a coalition of ESCOs filed a Notice of Appeal, seeking to overturn the Court's decision. Pending the outcome of the appeal, low-income customers in the State of New York are prohibited from acquiring service from an ESCO for either electricity or gas supply. Unless a stay of the order is obtained, ESCOs will be required to return service of their current low-income customers to the energy supply service provided by the local utility beginning in August 2017. The estimated number of customers on low-income assistance programs with their utility that Crius currently serves in the State of New York is less than 10,000, which includes the customer portfolio acquired from USG&E in July 2017. The NY PSC has also undertaken additional initiatives which might further restrict the operations of ESCOs in New York State, however, the outcome and potential impact of these initiatives remains uncertain.

In July 2017, the Board approved a 2% increase in distributions paid to Unitholders, following consecutive increases in each quarter since January 2016. With the completion of the USG&E Acquisition and the expected pro-forma improvements to Distributable Cash and Payout Ratio, the Board and Management were confident in delivering this increase, and the Board is committed to delivering increased distributions through the remainder of 2017.

With a strong and growing core deregulated energy business of nearly 1.4 million customers following the acquisition of USG&E, and an expanded, fully integrated solar business, Crius Energy is well positioned to leverage significant opportunities across both dynamic industries which we believe will enable us to continue growing cash flows and increasing 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 and six month period ended June 30, 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 (Loss) Income Highlights
(in millions)

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Revenue	$180.2	$169.0	$357.5	$349.8
Cost of sales	143.0	135.9	283.3	276.5
Gross margin	37.2	33.1	74.2	73.3
Expenses				
Selling expenses	6.1	6.6	11.0	13.8
General and administrative	24.9	12.9	51.6	32.9
Unit-based compensation	2.1	1.1	4.8	2.7
Depreciation and amortization	14.3	10.1	32.0	19.5
Operating (loss) income	(10.2)	2.4	(25.2)	4.4
Other (expenses) income				
Finance costs	(2.4)	(2.6)	(4.6)	(5.4)
Distributions to non-controlling interest	—	(2.2)	—	(5.7)
Change in fair value of derivative instruments	(0.8)	37.4	(9.1)	30.2
Change in fair value of warrants	(0.4)	—	(1.1)	0.1
Change in fair value of non-controlling interest	—	7.7	—	6.7
(Loss) income before income taxes	(13.8)	42.7	(40.0)	30.3
Provision for income taxes	0.8	2.4	0.9	1.1
Net (loss) income	**$(14.6)**	**$40.3**	**$(40.9)**	**$29.2**
EBITDA(1)	2.9	55.4	(3.4)	55.2
Adjusted EBITDA(1)	**$14.1**	**$13.6**	**$28.5**	**$26.6**

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) income or other data prepared in accordance with IFRS. See *"Non*-*IFRS Financial Measures"*. The following table is a reconciliation of net (loss) income to EBITDA and Adjusted EBITDA for the periods indicated.

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

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Net (loss) income	$(14.6)	$40.3	$(40.9)	$29.2
Excluding the impacts of:				
Finance costs	2.4	2.6	4.6	5.4
Provision for income taxes	0.8	2.4	0.9	1.1
Depreciation and amortization	14.3	10.1	32.0	19.5
EBITDA	2.9	55.4	(3.4)	55.2
Excluding the impacts of:				
Unit-based compensation	2.1	1.1	4.8	2.7
Distributions to non-controlling interest	—	2.2	—	5.7
Change in fair value of derivative instruments	0.8	(37.4)	9.1	(30.2)
Change in fair value of warrants	0.4	—	1.1	(0.1)
Change in fair value of non-controlling interest	—	(7.7)	—	(6.7)
Legal reserve and associated legal fees	7.9	—	16.9	—
Adjusted EBITDA	**$14.1**	**$13.6**	**$28.5**	**$26.6**

Statement of Financial Position Highlights
(in millions)

	As at June 30, 2017	As at December 31, 2016
Current assets	$162.7	$126.3
Total assets	309.6	299.3
Current liabilities	192.9	146.9
Long-term liabilities	28.9	12.8
Unitholders' equity	87.8	139.6

Statement of Cash Flows Highlights
(in millions)

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Cash flows provided by (used in) operating activities	$1.3	$7.1	$(6.9)	$6.6
Cash flows used in investing activities	(3.0)	(3.3)	(6.9)	(10.7)
Cash flows provided by (used in) financing activities	21.9	(4.1)	32.2	2.1
Cash and cash equivalents at beginning of period	9.1	9.5	10.9	11.2
Cash and cash equivalents at end of period	29.4	9.2	29.4	9.2

Operational Highlights

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Electricity				
Volumes (MWh)	1,752,000	1,797,000	3,538,000	3,541,000
Revenue ($ million)	169.2	161.6	331.6	325.9
Gross margin ($ million)	30.9	28.1	62.3	60.9
Gross margin ($/MWh)	17.63	15.63	17.62	17.19
Gross margin as a % of revenue	18.3%	17.4%	18.8%	18.7%
Natural gas				
Volumes (MMBtu)	733,000	865,000	3,266,000	3,460,000
Revenue ($ million)	4.4	4.1	17.4	17.3
Gross margin ($ million)	1.0	1.7	4.9	5.8
Gross margin ($/MMBtu)	1.40	1.94	1.49	1.67
Gross margin as a % of revenue	23.4%	40.8%	27.9%	33.4%

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 during the quarter ended June 30, 2017, and over the prior trailing four quarters.

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%***	
Electricity	946,000	169,000	(141,000)	28,000	974,000
Natural Gas	57,000	3,000	(6,000)	(3,000)	54,000
Quarter ended June 30, 2017	**1,003,000**	**172,000**	**(147,000)**	**25,000**	**1,028,000**
Net Change % of Opening Customer Count				***2.5%***	

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 ended June 30, 2017, as well as the prior quarter ended 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
Quarter ended June 30, 2017		
Gross Sales	258	1.8
Installations	35	0.2

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 June 30, 2017	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
Revenue	$180.2	$177.4	$171.4	$222.6	$169.0	$180.8	$147.5	$204.2
Cost of sales	143.0	140.3	133.9	174.8	135.9	140.6	112.0	156.1
Gross margin	37.2	37.1	37.5	47.8	33.1	40.2	35.5	48.1
Expenses								
Selling expenses	6.1	4.9	6.6	8.4	6.6	7.2	9.8	11.6
General and administrative	24.9	26.7	17.3	26.1	12.9	20.0	17.3	20.4
Unit-based compensation	2.1	2.6	0.7	1.5	1.1	1.6	0.5	1.7
Depreciation and amortization	14.3	17.7	9.4	10.6	10.1	9.4	7.4	17.6
Operating (loss) income	(10.2)	(14.8)	3.5	1.2	2.4	2.0	0.5	(3.2)
Other (expenses) income								
Finance costs	(2.4)	(2.3)	(1.9)	(3.1)	(2.6)	(2.8)	(1.7)	(2.5)
Distributions to non-controlling interest	—	—	—	—	(2.2)	(3.5)	(3.8)	(3.2)
Change in fair value of derivative instruments	(0.8)	(8.3)	21.3	(5.3)	37.4	(7.2)	(1.6)	11.0
Change in fair value of warrants	(0.4)	(0.6)	0.1	—	—	0.1	0.2	(0.6)
Change in fair value of non-controlling interest	—	—	—	—	7.7	(1.0)	9.3	(17.1)
(Loss) income before income taxes	(13.8)	(26.0)	23.0	(7.2)	42.7	(12.4)	2.9	(15.6)
Provision for (benefit from) income taxes	0.8	0.2	2.4	(1.6)	2.4	(1.3)	(2.9)	2.6
Net (loss) income	**$(14.6)**	**$(26.2)**	**$20.6**	**$(5.6)**	**$40.3**	**$(11.1)**	**$5.8**	**$(18.2)**

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

Net (loss) income	$(14.6)	$(26.2)	$20.6	$(5.6)	$40.3	$(11.1)	$5.8	$(18.2)
Excluding the impacts of:								
Finance costs	2.4	2.3	1.9	3.1	2.6	2.8	1.7	2.5
Provision for income taxes	0.8	0.2	2.4	(1.6)	2.4	(1.3)	(2.9)	2.6
Depreciation and amortization	14.3	17.7	9.4	10.6	10.1	9.4	7.4	17.6
EBITDA	2.9	(6.0)	34.3	6.5	55.4	(0.2)	12.0	4.5
Excluding the impacts of:								
Unit-based compensation	2.1	2.6	0.7	1.5	1.1	1.6	0.5	1.7
Distributions to non-controlling interest	—	—	—	—	2.2	3.5	3.8	3.2
Change in fair value of derivative instruments	0.8	8.3	(21.3)	5.3	(37.4)	7.2	1.6	(11.0)
Change in fair value of warrants	0.4	0.6	(0.1)	—	—	(0.1)	(0.2)	0.6
Change in fair value of non-controlling interest	—	—	—	—	(7.7)	1.0	(9.3)	17.1
Loss on sale of Viridian assets and related charges	—	—	—	7.3	—	—	—	—
Legal reserve and associated legal fees	7.9	9.0	—	—	—	—	—	—
Adjusted EBITDA	**$14.1**	**$14.5**	**$13.6**	**$20.6**	**$13.6**	**$13.0**	**$8.4**	**$16.1**

Distributable Cash and Payout Ratio

Cash flows from operating activities	$1.3	$(8.2)	$15.2	$19.2	$7.1	$(0.6)	$3.8	$26.7
Changes in operating assets and liabilities	(5.7)	(14.2)	2.2	(1.2)	(6.8)	(14.9)	(9.4)	13.7
Cash flows from operating activities excluding changes in operating assets and liabilities	**$7.0**	**$6.0**	**$13.0**	**$20.4**	**$13.9**	**$14.3**	**$13.2**	**$13.0**
Finance costs included in financing activities	(2.7)	(2.3)	(2.3)	(3.1)	(2.5)	(2.5)	(2.0)	(3.1)
Maintenance Capital Expenditures	(0.8)	(0.9)	(1.2)	(6.1)	(2.0)	(1.4)	(2.2)	(2.9)
Unit-based compensation payments	—	(4.1)	(0.3)	(0.6)	—	(0.6)	—	—
Legal reserve and associated legal fees	7.9	9.0	—	—	—	—	—	—
Distributable Cash	**$11.4**	**$7.7**	**$9.2**	**$10.6**	**$9.4**	**$9.8**	**$9.0**	**$7.0**
Distributions to non-controlling interest	—	—	—	—	3.4	3.6	3.7	3.2
Distributions to Unitholders	5.8	5.8	5.7	5.6	2.2	2.1	2.2	1.9
Total Distributions	**$5.8**	**$5.8**	**$5.7**	**$5.6**	**$5.6**	**$5.7**	**$5.9**	**$5.1**
Payout Ratio	**50.9%**	**75.3%**	**62.0%**	**52.8%**	**59.6%**	**58.2%**	**65.6%**	**72.9%**

Discussion of Operations
For the three and six months ended June 30, 2017 and 2016

Revenue

For the three month period ended June 30, 2017, revenue was $180.2 million, representing an increase of 6.6% from $169.0 million for the three month period ended June 30, 2016. For the six months ended June 30, 2017, revenue was $357.5 million, representing an increase of 2.2% from $349.8 million for the six months ended June 30, 2016. The period-over-period revenue comparisons were higher solar revenues, primarily due to revenues associated with the new community solar initiative launched in the quarter.

Electricity

Electricity revenue for the three month period ended June 30, 2017 was $169.2 million, representing an increase of 4.7% from $161.6 million for the three month period ended June 30, 2016, primarily as a result of a 7.4% higher average retail rate per unit, partially offset by a 2.5% decrease in volume. Electricity volumes for the three month period ended June 30, 2017 were 1,752,000 MWh representing a decrease of 2.5% from 1,797,000 MWh for the three month period ended June 30, 2016, with the decrease being due to lower average usage per customer due to the mild weather conditions experienced in the quarter, partially offset by higher average customers resulting from organic growth.

Electricity revenue for the six month period ended June 30, 2017 was $331.6 million, representing an increase of 1.8% from $325.9 million for the six month period ended June 30, 2016, as a result of a 1.9% higher average retail rate per unit, partially offset by a 0.1% decrease in volume. Electricity volumes for the six month period ended June 30, 2017 were 3,538,000 MWh representing a decrease of 0.1% from 3,541,000 MWh for the six month period ended June 30, 2016, with the decrease primarily due to lower average usage per customer, partially offset by higher average customers resulting from organic growth.

Natural Gas

Natural gas revenue for the three month period ended June 30, 2017 was $4.4 million, representing an increase of 6.5% from $4.1 million for the three month period ended June 30, 2016, primarily as a result of a 25.9% higher average retail rate per unit, partially offset by a 15.3% decrease in volume. Natural gas volumes for the three month period ended June 30, 2017 were 733,000 MMBtu, representing a decrease of 15.3% from 865,000 MMBtu for the three month period ended June 30, 2016, with the decrease primarily resulting from lower customer numbers.

Natural gas revenue for the six month period ended June 30, 2017 was $17.4 million, representing an increase of 0.7% from $17.3 million for the six month period ended June 30, 2016, as a result of a 6.8% higher average retail rate per unit, partially offset by a 5.6% decrease in volume. Natural gas volumes for the six month period ended June 30, 2017 were 3,266,000 MMBtu, representing a decrease of 5.6% from 3,460,000 MMBtu the six month period ended June 30, 2016, with the decrease primarily resulting from lower average customer numbers.

Solar Revenue

Solar revenue for the three month period ended June 30, 2017 was $5.0 million, representing an increase from revenues of $0.8 million in the three month period ended June 30, 2016. Solar revenues related to the installation of the solar systems in the second quarter of 2017 were $1.6 million, compared to $0.8 million in the prior comparable period. Solar revenues in the second quarter of 2017 included $3.4 million associated with the new community solar initiative launched in the quarter for the aggregation of community solar customers.

Solar revenue for the six month period ended June 30, 2017 was $5.2 million, representing an increase of 197.0% from revenues of $1.8 million in the six month period ended June 30, 2016. The period-over-period comparison was impacted by the above-mentioned $3.4 million in revenue associated with the new community solar initiative launched during the second quarter of 2017 for the aggregation of community solar customers. Excluding this new revenue stream, solar revenues were unchanged over the prior comparable period.

Fee Revenue

Fee revenue, consisting of various fees received from customers, for the three month period ended June 30, 2017 was $1.6 million, representing a decrease of 32.9% from $2.4 million for the three month period ended June 30, 2016. The decrease is primarily attributable to the elimination of sign-up fees and other monthly fees from independent contractors in the network marketing channel following the sale of certain Viridian assets in July 2016.

Fee revenue, for the six month period ended June 30, 2017 was $3.2 million, representing a decrease of 33.3% from $4.8 million for the six month period ended June 30, 2016, which was primarily attributable to 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 June 30, 2017, gross margin was $37.2 million, representing an increase from $33.1 million for the three month period ended June 30, 2016. Gross margin for the three month period ended June 30, 2017 was 20.6% of total revenue, representing an increase from 19.5% of total revenue for the three month period ended June 30, 2016. The increase in gross margin as a percentage of revenue in the quarter was primarily a result of revenues associated with the new community solar initiative launched in the second quarter of 2017 for the aggregation of community solar customers, without which gross margin would have been 19.1% of revenue for the quarter.

For the six month period ended June 30, 2017, gross margin was $74.2 million, representing an increase of 1.2% from $73.3 million for the six month period ended June 30, 2016. Gross margin for the six month period ended June 30, 2017 was 20.8% of total revenue, representing a decrease from 20.9% for the six month period ended June 30, 2016.

Electricity

Electricity gross margin for the three month period ended June 30, 2017 was $30.9 million, representing an increase of 9.9% from $28.1 million for the three month period ended June 30, 2016. For the three month period ended June 30, 2017, electricity gross margin per unit was $17.63/MWh and electricity gross margin was 18.3% of electricity revenues, representing increases from $15.63/MWh and 17.4% respectively, for the three month period ended June 30, 2016. Gross margins and gross margin per unit in the prior comparable quarter were adversely impacted by gross margins achieved in the fixed-price commercial customer portfolio acquired from Kona Energy. While the customer portfolio acquired was fully hedged, the hedged margins were materially lower in the prior comparable quarter compared to the remainder of the term of the portfolio, impacting gross margins in the prior comparable quarter by an estimated $1.5 million, which equated to approximately $1.00/MWh in overall electric unit margin.

Electricity gross margin for the six month period ended June 30, 2017 was $62.3 million, representing an increase of 2.4% from $60.9 million for the six month period ended June 30, 2016. For the six month period ended June 30, 2017, electricity gross margin was 18.8% of electricity revenues, and electricity gross margin per unit was $17.62/MWh, representing slight increases from 18.7% and $17.19/MWh, respectively, for the six month period ended June 30, 2016.

Natural Gas

Natural gas gross margin for the three month period ended June 30, 2017 was $1.0 million, a decrease from $1.7 million for the three month period ended June 30, 2016. For the three month period ended June 30, 2017, natural gas gross margin was 23.4% of natural gas revenues and natural gas gross margin per unit was $1.40/MMBtu, representing decreases from 40.8% and $1.94/MMBtu, respectively, for the three month period ended June 30, 2016.

Natural gas gross margin for the six month period ended June 30, 2017 was $4.9 million, representing a 15.8% decrease from $5.8 million for the six month period ended June 30, 2016. For the six month period ended June 30, 2017, natural gas gross margin was 27.9% of natural gas revenues, and natural gas gross margin per unit was $1.49/MMBtu, representing decreases from 33.4% and $1.67/MMBtu, respectively, for the six month period ended June 30, 2016.

Other

Gross margin for the three and six month periods ended June 30, 2017 included solar gross margin of $3.7 million and $3.8 million, respectively and various fees received from customers of $1.6 million and $3.2 million, respectively. For three and six month periods ended June 30, 2016, solar gross margin was $0.8 million and $1.8 million, respectively and revenues from independent contractors in the network marketing channel and various fees received from customers were $2.4 million and $4.8 million, respectively, with the period-over-period changes 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 several 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 primarily comprise 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 June 30, 2017, selling expenses were $6.1 million, representing a decrease of 7.1% from $6.6 million for the three month period ended June 30, 2016. Selling expenses for the three month period ended June 30, 2017 amounted to 3.4% of revenue compared to 3.9% of revenue for the three month period ended June 30, 2016. These expenses consist of:

(a) Upfront electricity and natural gas customer acquisition costs for the three month period ended June 30, 2017 of $2.3 million (amounting to $13 per customer acquired), representing an increase from $1.9 million for the three month period ended June 30, 2016 (amounting to $17 per customer acquired), with the higher costs in the second quarter of 2017 being attributable to increased customer additions, partially offset by lower upfront selling costs per customer as a result of the customer-mix of customer additions during the quarter, with lower costs associated with municipal aggregations and default service auctions.

(b) Residual-based electricity and natural gas commissions for the three month period ended June 30, 2017 of $3.0 million (amounting to 1.7% of revenues), representing a decrease from $4.0 million for the three month period ended June 30, 2016 (amounting to 2.3% of revenues). Residual-based commissions were lower in the second quarter of 2017, primarily due to the impact of the acquisition accounting for the TriEagle Energy LP ("**TriEagle**") 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 June 30, 2017 of $0.8 million, representing no change from $0.8 million for the three month period ended June 30, 2016.

For the six month period ended June 30, 2017, selling expenses were $11.0 million, representing a decrease of 20.3% from $13.8 million for the six month period ended June 30, 2016. Selling expenses for the six month period ended June 30, 2017 amounted to 3.1% of revenue compared to 3.9% of revenue for the six month period ended June 30, 2016. These expenses consist of:

(a) Upfront electricity and natural gas customer acquisition costs for the six month period ended June 30, 2017 of $3.5 million (amounting to $11 per customer acquired), representing a decrease from $4.8 million for the six month period ended June 30, 2016 (amounting to $23 per customer acquired), with the lower costs in the current period 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 six month period ended June 30, 2017 of $6.1 million (amounting to 1.7% of revenues), representing a decrease from $7.3 million for the six month period ended June 30, 2016 (amounting to 2.1% of revenues) with the current and prior comparable period being impacted by the acquisition accounting treatment noted above.

(c) Solar selling costs for the six month period ended June 30, 2017 of $1.4 million, representing a decrease from $1.7 million for the six month period ended June 30, 2016.

General and Administrative Expenses

General and administrative expenses for the three and six month periods ended June 30, 2017 were $24.9 million and $51.6 million, respectively. Excluding the impact of the legal reserve and associated legal fees, as described below, of $7.9 million and $16.9 million for the three and six month periods ended June 30, 2017, general and administrative expenses would have been $17.0 million and $34.7 million, respectively. This represented increases from $12.9 million and $32.9 million, for the three and six month periods ended June 30, 2016, respectively, as set out in the tables below.

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

	Three months ended June 30, 2017		Three months ended June 30, 2016		Six months ended June 30, 2017		Six months ended June 30, 2016	
	$	**%**	**$**	**%**	**$**	**%**	**$**	**%**
POR fees / bad debt	$1.4	0.8%	$1.2	0.7%	$3.3	0.9%	$3.1	0.9%
Processing costs	1.1	0.6%	1.1	0.7%	2.3	0.6%	2.4	0.7%
Human resources	6.3	3.5%	6.6	3.9%	12.5	3.5%	14.6	4.2%
Gross receipts taxes and other taxes	1.7	0.9%	0.4	0.2%	3.5	1.0%	2.8	0.8%
Professional and consultant fees	0.8	0.4%	0.7	0.4%	2.1	0.6%	2.1	0.6%
Legal and regulatory	1.2	0.7%	1.1	0.7%	1.9	0.5%	2.1	0.6%
Solar operating expenses	1.9	1.1%	—	—%	3.9	1.1%	—	—%
Other costs	2.6	1.4%	1.8	1.1%	5.2	1.5%	5.8	1.7%
Legal reserve and associated legal fees	7.9	4.4%	—	—%	16.9	4.7%	—	—%
Total	**$24.9**	**13.8%**	**$12.9**	**7.6%**	**$51.6**	**14.4%**	**$32.9**	**9.4%**

General and administrative expenses incurred during the three and six month periods ended June 30, 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 June 30, 2017 were $1.4 million, representing 0.8% of revenue, compared to $1.2 million for the three month period ended June 30, 2016, representing 0.7% of revenue for that period.

The POR fees / bad debt costs for the six month period ended June 30, 2017 were $3.3 million, representing 0.9% of revenue, compared to $3.1 million for the six month period ended June 30, 2016, representing 0.9% of revenue for that period.

(b) Processing costs for the three month period ended June 30, 2017 of $1.1 million include various data processing and information technology costs incurred to service our customers and salesforce, compared to $1.1 million for the three month period ended June 30, 2016.

Processing costs for the six month period ended June 30, 2017 were $2.3 million, representing a slight decrease from $2.4 million in costs incurred for the prior comparable period in 2016.

(c) Human resource costs for the three month period ended June 30, 2017 of $6.3 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 $6.6 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.

Human resource costs for the six month period ended June 30, 2017 were $12.5 million compared to the prior comparable period in 2016 of $14.6 million, for similar reasons as noted above for the three month period ended June 30, 2017.

(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 June 30, 2017 gross receipt taxes and other taxes were $1.7 million, representing 0.9% of revenue, compared to $0.4 million incurred in the prior comparable period in 2016, representing 0.2% of revenue, with the prior period benefiting from a reduction in certain operational taxes expensed in earlier quarters.

Gross receipts taxes and other taxes for the six month period ended June 30, 2017 amounted to $3.5 million, representing 1.0% of revenue, compared to $2.8 million incurred in the prior comparable period in 2016, representing 0.8% of revenue, with the increase being due to similar reasons as noted above for the three month period ended June 30, 2017.

(e) Professional and consultant fees for the three month period ended June 30, 2017 of $0.8 million represent audit, tax, investor relations, share registry, valuation, due diligence, internal controls consulting and other fees and compares to $0.7 million in the prior comparable period in 2016.

Professional and consultant fees for the six month period ended June 30, 2017 amounted to $2.1 million, which compares to $2.1 million incurred in the prior comparable period in 2016.

(f) Legal and regulatory costs for the three month period ended June 30, 2017 of $1.2 million represent external legal fees and compares to $1.1 million in the prior comparable period in 2016.

Legal and regulatory costs for the six month period ended June 30, 2017 amounted to $1.9 million compared with $2.1 million in costs incurred in the prior comparable period in 2016.

(g) Solar operating expenses for the three month period ended June 30, 2017 of $1.9 million represent costs associated with the operation of the solar business including the integration of the SunEdison and Verengo acquisitions. No solar operating expenses were incurred during the prior comparable period in 2016.

Solar operating expenses for the six month period ended June 30, 2017 amounted to $3.9 million. No solar operating expenses were incurred during the prior comparable period in 2016.

(h) Other costs for the three month period ended June 30, 2017 of $2.6 million represent the balance of corporate, operational and marketing related expenses incurred to operate our business. These costs compare to $1.8 million in the prior comparable period in 2016, which benefited from a $1.6 million non-recurring net gain on the settlement of the post-closing working capital adjustment related to the acquisition of TriEagle Energy. Pursuant to a settlement agreement entered into in the second quarter of 2016, all 623,217 PURs issued to the sellers of TriEagle Energy as part of the purchase price, together with their accrued distributions, were cancelled and, as a result, the Company recorded a net gain of $1.6 million. Excluding the impact of the non-recurring gain in 2016, the period-over-period reduction of $0.8 million is primarily attributable to cost efficiencies achieved over the last twelve months including those resulting from the restructuring of the Viridian sales channel.

Other costs for the six month period ended June 30, 2017 amounted to $5.2 million compared with $5.8 million in the prior comparable period in 2016, with the period-over-period comparison being impacted by the above mentioned non-recurring net settlement gain of $1.6 million in the prior comparable period as well as the 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 June 30, 2017 of $7.9 million, consisted of an increase of $6.5 million to the legal reserve established by the Company for certain pending litigation and regulatory matters relating to sales and marketing practices as well as associated legal fees of $1.4 million incurred in the quarter. Management believes the Company is in a strong legal position and is vigorously defending these matters and has successfully defeated several such actions in the past. 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 incurred in the current quarter were excluded from Adjusted EBITDA and Distributable Cash.

Legal reserve and associated legal fees for the six month period ended June 30, 2017 amounted to $16.9 million, consisting of the above-mentioned legal reserve established by the Company of $13.0 million and associated legal fees of $3.9 million incurred in the six month period ended June 30, 2017.

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 and six month periods ended June 30, 2017, the unit-based compensation expense amounted to $2.1 million and $4.8 million, representing an increase from $1.1 million and $2.7 million for the three and six month periods ended June 30, 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 and six month periods ended June 30, 2017 was $14.3 million and $32.0 million, representing increases from $10.1 million and $19.5 million for the three and six month periods ended June 30, 2016. The increases are primarily attributable to the impact of changes in estimates of the useful lives of certain intangible assets made in the first quarter of 2017.

Finance Costs

Finance costs for the three and six month periods ended June 30, 2017 were $2.4 million and $4.6 million, representing decreases from $2.6 million and $5.4 million for the three and six month periods ended June 30, 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 and six month periods ended June 30, 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 $2.2 million and $5.7 million, for the three and six month periods ended June 30, 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.

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 and six month periods ended June 30, 2017, the changes in unrealized gains or losses associated with derivative contracts were a net loss of $0.8 million and $9.1 million respectively, compared to net gains of $37.4 million and $30.2 million for the three and six month periods ended June 30, 2016, respectively. The net gains and losses in the periods were primarily the result of increases and decreases in forward electricity prices relative to our forward hedge positions, respectively.

Change in Fair Value of Derivative Instruments
(in millions)

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Forward electricity positions....................................	$(1.1)	$34.0	$(8.0)	$24.8
Forward natural gas positions..................................	(0.3)	3.6	(1.2)	5.5
Weather derivative positions....................................	—	(0.1)	0.1	(0.5)
Forward currency positions......................................	0.6	(0.1)	—	0.4
Change in fair value of derivative instruments	**$(0.8)**	**$37.4**	**$(9.1)**	**$30.2**

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 and six month periods ended June 30, 2017 were losses of $0.4 million and $1.1 million, respectively, compared to no gains and $0.1 million of gains, respectively, for the three and six month periods ended June 30, 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 were gains of $7.7 million and $6.7 million, respectively, for the three and six month periods ended June 30, 2016 and was primarily the result of changes in the trading price of Units, during the reporting period.

Provision for Income Taxes

For the three and six month periods ended June 30, 2017, the Trust recorded a provision for income taxes of $0.8 million and $0.9 million, respectively, and for the three and six month periods ended June 30, 2016, the Trust recorded a provision for income taxes of $2.4 million and $1.1 million, respectively. 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 six months ended June 30, 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 six months ended June 30, 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 (Loss) Income

For the three and six month periods ended June 30, 2017, net loss was $14.6 million and $40.9 million, respectively, compared to net income of $40.4 million and $29.3 million, respectively, for the three and six month periods ended June 30, 2016, with the changes primarily being attributable to the factors noted above. Net (loss) income is impacted by numerous non-cash items, some resulting from 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 June 30, 2017, the Company has $50.5 million outstanding under its credit facility, compared to $9.5 million outstanding as at December 31, 2016. The credit facility balance was impacted by a draw at the end of the quarter of $19.0 million to fund a portion of cash portion of the purchase price of the USG&E Acquisition, which closed several days after quarter-end on July 5, 2017. As at June 30, 2017, the Company was in compliance with all covenants under the Supplier Agreement.

Term Loan

During the six months ended June 30, 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% (the "**Term Loan**"). 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 June 30, 2017, the Trust had Total Cash and Availability of $29.7 million, consisting of cash and cash equivalents of $29.4 million and $0.3 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 as at June 30, 2017 was impacted by several large tax payments as well as elevated payments related to renewable energy certificates, with the second quarter being a key renewable portfolio standards compliance deadline in our core North East electric markets. Additionally, the availability under our credit facility at the end of the quarter was impacted by a draw of $19.0 million to fund a portion of cash portion of the purchase price of the USG&E Acquisition, which closed several days after quarter-end on July 5, 2017.

Cash Flow provided by (used in) Operations

Cash flow provided by operations for the three month period ended June 30, 2017 amounted to $1.3 million and included net outflows of $5.7 million for changes in operating assets and liabilities, which compared to cash flow provided by operations for the three month period ended June 30, 2016 of $7.1 million and included net outflows of $6.8 million for changes in operating assets and liabilities. Excluding these changes in operating assets and liabilities, cash flow from operations was $7.0 million for the three month period ended June 30, 2017, compared to $13.9 million for the three month period ended June 30, 2016, with the decrease being primarily attributable to the $7.9 million legal reserve and associated legal fees for certain pending litigation and regulatory matters relating to certain sales and marketing practices.

Cash flow used in operations for the six month period ended June 30, 2017 amounted to $6.9 million and included net outflows of $19.9 million for changes in operating assets and liabilities, which compared to cash flow provided by operations for the six month period ended June 30, 2016 of $6.6 million and included net outflows of $21.7 million for changes in operating assets and liabilities. Excluding these changes in operating assets and liabilities, cash flow from operations was $13.0 million for the six month period ended June 30, 2017, compared to $28.3 million for the six month period ended June 30, 2016, with the decrease being primarily attributable to the $16.9 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 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 June 30, 2017, the Trust had an Adjusted Working Capital balance of negative $15.1 million compared to Adjusted Working Capital of negative $13.4 million as at December 31, 2016. The negative working capital as at June 30, 2017 is primarily attributable to the $13.0 million legal reserve established relating to certain pending litigation and regulatory matters relating to sales and marketing practices. 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 June 30, 2017	As at December 31, 2016
Current assets	162.7	126.3
Current liabilities	192.9	146.9
Working capital	**$(30.2)**	**$(20.6)**
Adjusted for the impact of:		
Other current financial assets	(3.4)	(2.1)
Other current financial liabilities	18.5	9.3
Adjusted Working Capital	**$(15.1)**	**$(13.4)**

Distributable Cash and Distributions

Distributable Cash for the three month period ended June 30, 2017 was $11.4 million and Total Distributions paid for the quarter were $5.8 million, which represented a Payout Ratio of 50.9% of Distributable Cash. This compares to Distributable Cash of $9.4 million, Total Distributions of $5.6 million and a Payout Ratio of 59.6% for the quarter ended June 30, 2016.

Distributable Cash for the last twelve month period ended June 30, 2017 was $38.9 million and Total Distributions paid for the period were $22.9 million, which represented a Payout Ratio of 58.9% 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 quarter-over-quarter increases in Distributable Cash and corresponding decreases in Payout Ratio, were attributable to improved operating cash flows, after adjusting for the legal reserve and associated legal fees, together with lower capital expenditures.

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 June 30, 2017	Three months ended June 30, 2016	Trailing twelve months ended June 30, 2017	Twelve months ended December 31, 2016
Cash flows (used in) provided by operating activities	$1.3	$7.1	$27.6	$41.0
Changes in operating assets and liabilities	(5.7)	(6.8)	(18.8)	(20.6)
Cash flows from operating activities excluding changes in operating assets and liabilities	**7.0**	**13.9**	**46.4**	**61.6**
Finance costs - included in financing activities	(2.7)	(2.5)	(10.4)	(10.5)
Maintenance Capital Expenditures	(0.8)	(2.0)	(9.0)	(10.8)
Unit-based compensation payments	—	—	(5.0)	(1.5)
Legal reserve and associated legal fees	7.9	—	16.9	—
Distributable Cash	**$11.4**	**$9.4**	**$38.9**	**$38.8**
Distributions to non-controlling interest	—	3.4	—	6.9
Distributions to Unitholders	5.8	2.2	22.9	15.7
Total Distributions	**$5.8**	**$5.6**	**$22.9**	**$22.6**
Payout Ratio	**50.9%**	**59.6%**	**58.9%**	**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 June 30, 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	$159.1	$127.8	$31.3	$—
Operating leases	13.1	1.3	6.1	5.7
Financing leases	0.8	0.4	0.4	—
Credit facility	50.5	50.5	—	—
Distribution payable	2.0	2.0	—	—
Other non-current liabilities	12.4	—	11.6	0.8
Term loan payable	9.1	0.2	3.8	5.1
	$247.0	**$182.2**	**$53.2**	**$11.6**

Outstanding Unit Data

As at June 30, 2017, the Trust had the following securities outstanding: (i) 40,188,372 Units; (ii) 750,000 Warrants (which were issued to Macquarie Energy in February 2014); and (iii) 74,102 Deferred Trust Units (which were issued under the Deferred Trust Unit Plan of the Trust to non-executive directors of the Administrator as a component of their annual compensation). The 750,000 Warrants outstanding are comprised of (i) 687,500 Warrants that have vested, and (ii) 62,500 Warrants that are unvested and are scheduled to vest on February 7, 2018. Such Warrants have a strike price of C$6.23 per Unit over a five-year term ending on February 6, 2019.

As at the date of this MD&A, the Trust had 56,944,417 Units outstanding, following the issuance of 16,756,045 additional Units as a result of the funding of the USG&E Acquisition. Refer to the discussion in the section entitled *"Proposed Transactions"* in this MD&A, for further details.

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) income. 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) income.

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 June 30, 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	(15) – 100 MW	6,652,245 MWh	1 – 54	$21.30 to $74.24	$(15.4)	$273.0
Fixed-for-floating natural gas swaps	(1000) – 2,903 MMBtu	1,284,300 MMBtu	1 – 21	$2.75 to $4.10	$(0.2)	$5.0
Physical electric forward contracts	0 – 23 MW	1,863,013 MWh	1 – 58	$21.15 to $65.95	$(3.1)	$60.3
Physical natural gas forward contracts	1 – 1,221 MMBtu	198,493 MMBtu	1	$1.79 to $3.42	$0.0	$0.5
Fixed-for-floating electricity basis swaps.	(15) – 15 MW	– MWh	1 – 6	($2.45) to $36.55	$0.1	$4.9
Fixed-for-floating natural gas basis swaps	(1,071) – 1,071 MMBtu	– MMBtu	1 – 9	($0.92) to ($0.05)	$—	$0.1
Heat rate forward contracts	2 – 5 MW	41,624 MWh	1 – 12	$9.97 to $18.45	$0.1	$1.7
Financial transmission rights	0.77 – 32.52 MW	590,068 MWh	1 – 11	($1.38) to $3.52	$0.1	$0.3

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 (decrease) increase in net loss and total comprehensive loss of $29.8 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 June 30, 2017, the Trust has cash advances and letters of credit outstanding of $50.5 million and $9.2 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 totaling approximately $1.0 million, owed to it by Big Sky Gas. 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 June 30, 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 June 30, 2017, the Trust was hedged for this currency exposure for 30 months to December 31, 2019 with a weighted average floor exchange rate of C$1.34 per US$1.00, based on approximately the then current level of future distributions.

As at June 30, 2017, the Trust had foreign currency derivatives outstanding with the following terms:

	Notional Value (millions)	Maturity Date (months)	Fixed Price	Fair Value (millions)
Foreign currency options	US$61.2 C$82.0	1 – 30	C$1.34 per US$1	US$3.4

As of the date of this MD&A, the Trust increased the hedge cover to include the increased level of future distributions, following the recent equity issuances as part of the USG&E Acquisition. The Trust is now hedged for its currency exposure to December 31, 2019 with a foreign exchange collar with a floor of C$1.30 per US$1.00 and a cap exchange rate of C$1.40 per US$1.00, based on approximately the current level of future distributions.

Realized settlements under derivative instruments are included in the relevant section of the interim condensed consolidated statements of comprehensive (loss) income 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) income.

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 loss of $5.4 million and $(2.7) 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 June 30, 2017, the customer credit risk exposure was in the amount of $10.0 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	$10.0	$9.0	$0.4	$0.6

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 $3.4 million as at June 30, 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 $7.6 million, owed to it by other parties including Viridian International and Big Sky Gas. The amounts due from Viridian International of $6.6 million are fully reserved for, based on the Company's current understanding and assessment of Viridian International's ability to pay. 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 June 30, 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 June 30, 2017 and December 31, 2016 totaling $9.2 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 June 30, 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.

Proposed Transactions

On May 30, 2017, the Trust, Crius Solar Fulfillment, LLC, Verengo, Inc. and its wholly-owned subsidiary, Mace Merger Sub, Inc. entered into an agreement and plan of merger (the "**Merger Agreement**") with USG&E, MVC Capital, Inc., as a stockholder of USG&E and in its capacity as representative for the stockholders of USG&E, and James B. Wiser, solely in his capacity as representative for certain minority stockholders of USG&E, in connection with the acquisition of USG&E, a leading U.S. energy retailer with natural gas and/or electricity customers in 11 States and D.C.

Pursuant to the Merger Agreement, the Trust agreed to indirectly acquire USG&E for consideration of $172.5 million, consisting of (i) $95.0 million in cash (partially funded from the proceeds of the Offering (as defined herein) and availability under the Company's working capital facility with Macquarie Energy), (ii) $47.5 million in promissory notes with an eight-year term, (iii) 3,847,870 Units, and (iv) certain net cash, deposit and indebtedness amounts as specifically defined in the Merger Agreement.

Concurrently with the entering into of the Merger Agreement, the Trust entered into an agreement with a syndicate of underwriters co-led by Desjardins Securities Inc., RBC Dominion Securities Inc. and National Bank Financial Inc. (collectively, the "**Underwriters**"), pursuant to which the Underwriters agreed to purchase from the Trust, on a "bought deal" basis, and sell to the public 11,224,500 Subscription Receipts of the Trust at the Offering Price for total gross proceeds of C$110,000,100. The Trust also granted the Underwriters the Over-Allotment Option to purchase up to 1,683,675 Additional Subscription Receipts at the Offering Price per Additional Subscription Receipt, exercisable in whole or in part, at any time up to 30 days following the closing of the Offering.

On June 20, 2017, the Trust closed the Offering, resulting in the issuance of 11,224,500 Subscription Receipts at the Offering Price for total gross proceeds of C$110,000,100. On June 27, 2017, the Trust closed the Over-Allotment Option, resulting in the issuance of 1,683,675 Additional Subscription Receipts at the Offering Price for total additional gross proceeds of C$16,500,015.

On July 5, 2017, the Trust completed the Acquisition. In connection with the closing of the Acquisition, the Subscription Receipts, issued pursuant to the Offering, including the Over-Allotment Option, were converted, on a one-for-one basis, into 12,908,175 Units following the satisfaction of the Escrow Release Conditions, and additionally the Trust issued 3,847,870 Units to the selling stock holders of USG&E as partial consideration for the acquisition, which are subject to lock-up agreements of between 4 to 6 months, for a total equity issuance of 16,756,045 Units.

The term "**Escrow Release Conditions**" means satisfaction of each of the following:

a) the completion, satisfaction or, subject to the prior approval of Desjardins Securities Inc., RBC Dominion Securities Inc. and National Bank Financial Inc., waiver of all conditions precedent to the Acquisition other than the payment of the merger consideration; and
b) the receipt of all necessary third party, Unitholder, regulatory and stock exchange approvals, including listing of the Subscription Receipts and the Units to be issued from treasury upon exercise of the Subscription Receipts, including the Additional Subscription Receipts, on the Toronto Stock Exchange, subject only to customary listing conditions.

Trading in the Subscription Receipts was halted on the Toronto Stock Exchange effective the morning of July 5, 2017 and remained halted until the close of business on July 5, 2017, at which time the Subscription Receipts were delisted from the Toronto Stock Exchange.

Each Subscription Receipt and Additional Subscription Receipt entitled the holder thereof to receive, upon satisfaction of the Escrow Release Conditions and without further consideration or action on the part of the holder thereof, one Unit together with an amount per Unit equal to the amount of any distributions for which record dates occurred during the period from the closing date of the Offering to the date immediately preceding the satisfaction of the Escrow Release Conditions, less any applicable withholding taxes, if any.

The gross proceeds from the sale of the Subscription Receipts and the Additional Subscription Receipts, less an amount equal to: (i) 50% of a cash commission equal to 4.25% of the gross proceeds of the Offering payable to the Underwriters (the "**Commission**") and (ii) the expenses of the Underwriters payable by the Trust (the "**Escrowed Funds**") was held by Computershare Trust Company of Canada, as escrow agent (the "**Escrow Agent**"), and invested in one or more interest-bearing trust accounts maintained by the Escrow Agent pursuant to the terms of a subscription receipt agreement dated June 20, 2017 and entered into by the Trust, the Underwriters and the Escrow Agent. Following the satisfaction of the Escrow Release Conditions, the Escrowed Funds were released from escrow to, among other things, enable the Trust to (i) partially fund the cash purchase price payable in connection with the Acquisition, and (ii) pay the remaining 50% of the commission to the Underwriters.

The Trust had several reasons for pursuing the acquisition including, but not limited to, (i) the acquisition being financially accretive to existing Unitholders, (ii) the acquisition adds direct-to-consumer sales channels and capabilities, (iii) the acquisition enhances commodity diversification, with natural gas increasing to approximately 14% of the total customer portfolio, (iv) the acquisition expands the geography served with the addition of the Michigan and Kentucky natural gas markets, (v) the acquisition creates potential for significant cost synergies, and (vi) the acquisition provides for a substantial growth opportunity through cross-selling.

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. Application of the amendments will result in additional disclosures in the Trust's annual financial statements for the year ending December 31, 2017.

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 using the modified retrospective approach. While the Trust is still evaluating 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 June 30, 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 June 30, 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 June 30, 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 and the Verengo acquisition, which closed in May 2017. 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.

CRIUS ENERGY TRUST

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

AS AT AND FOR THE THREE AND SIX MONTHS ENDED
June 30, 2017

CRIUS ENERGY TRUST

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017

INDEX TO FINANCIAL STATEMENTS

CRIUS ENERGY TRUST

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2017 AND DECEMBER 31, 2016
(in thousands of U.S. dollars)

	Notes	As at June 30, 2017 (unaudited)	As at December 31, 2016
ASSETS			
Current			
Cash and cash equivalents		$29,358	$10,894
Collateral deposits		854	1,070
Accounts receivable		100,246	91,289
Inventory	7	11,062	16,059
Income tax receivable		4,604	1,892
Other current financial assets	9	3,366	2,067
Other current assets		13,232	3,075
		162,722	**126,346**
Non-current			
Property and equipment		5,539	6,034
Intangible assets	14	12,189	40,907
Deferred tax assets		2,166	2,166
Goodwill	8	125,342	119,597
Other non-current assets		1,687	4,264
		$309,645	**$299,314**
LIABILITIES AND UNITHOLDERS' EQUITY			
Current			
Trade and other payables		$116,563	$121,644
Credit facility	6	50,500	9,500
Income tax payable		—	834
Distribution payable		2,044	1,918
Unit-based compensation		5,296	3,667
Other current financial liabilities	9	18,517	9,335
		192,920	**146,898**
Non-current			
Warrant liability	9	2,373	1,323
Unit-based compensation		3,616	4,619
Non-controlling interest	9	1,285	2,086
Other non-current liabilities		15,471	4,765
Term loan payable	6	6,157	—
		221,822	**159,691**
Commitments and contingencies	20		
Unitholders' Equity			
Trust capital		273,287	272,485
Accumulated deficit		(132,238)	(91,385)
Accumulated distributions		(53,235)	(41,477)
Accumulated other comprehensive income		9	—
Total Unitholders' equity		**87,823**	**139,623**
		$309,645	**$299,314**

See accompanying notes to the interim condensed consolidated financial statements.

CRIUS ENERGY TRUST

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017 AND 2016

(in thousands of U.S. dollars)
(Unaudited)

	Notes	For the three months ended June 30, 2017	For the three months ended June 30, 2016	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Revenue		$180,157	$168,996	$357,531	$349,827
Cost of sales		142,956	135,976	283,295	276,575
Gross margin		37,201	33,020	74,236	73,252
Expenses					
Selling expenses		6,113	6,581	11,002	13,812
General and administrative expenses		24,891	12,886	51,566	32,859
Unit-based compensation	17	2,121	1,143	4,771	2,701
Depreciation and amortization		14,291	10,058	32,010	19,471
Operating (loss) income		(10,215)	2,352	(25,113)	4,409
Other (expenses) income					
Finance costs		(2,363)	(2,561)	(4,618)	(5,367)
Distributions to non-controlling interest		—	(2,189)	—	(5,658)
Change in fair value of derivative instruments	9	(822)	37,357	(9,146)	30,171
Change in fair value of warrants	9	(446)	21	(1,050)	142
Change in fair value of non-controlling interest	9	—	7,726	—	6,679
(Loss) income before income taxes		(13,846)	42,706	(39,927)	30,376
Provision for income taxes	10	754	2,353	926	1,076
Net (loss) income		**($14,600)**	**$40,353**	**($40,853)**	**$29,300**
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Unrealized (loss) gain on translation of foreign currency		(19)	—	9	—
Total comprehensive (loss) income		**($14,619)**	**$40,353**	**($40,844)**	**$29,300**

See accompanying notes to the interim condensed consolidated financial statements.

CRIUS ENERGY TRUST

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT) FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

(in thousands of U.S. dollars, except Unit amounts)
(Unaudited)

	Notes	Number of Trust Units	Trust Capital	Accumulated Deficit	Accumulated Distributions	Accumulated Other Comprehensive Income	Total Unitholders' Equity (Deficit)
Balance at December 31, 2015.		16,745,151	$124,523	($135,751)	($24,591)	$—	($35,819)
Distribution to Unitholders	11	—	—	—	(5,495)	—	(5,495)
Issuance of Trust Units............	11	23,341,300	154,036	—	—	—	154,036
Trust Units Issuance Cost.........	11	—	(5,494)	—	—	—	(5,494)
Net income and total comprehensive income............		—	—	29,300	—	—	29,300
Balance at June 30, 2016........		**40,086,451**	**$273,065**	**($106,451)**	**($30,086)**	**$—**	**$136,528**

	Notes	Number of Trust Units	Trust Capital	Accumulated Deficit	Accumulated Distributions	Accumulated Other Comprehensive Income	Total Unitholders' Equity
Balance at December 31, 2016.		40,086,451	$272,485	($91,385)	($41,477)	$—	$139,623
Distribution to Unitholders	11	—	—	—	(11,758)	—	(11,758)
Issuance of Trust Units............		101,921	802	—	—	—	802
Net loss		—	—	(40,853)	—	—	(40,853)
Other comprehensive income...		—	—	—	—	9	9
Balance at June 30, 2017........		**40,188,372**	**$273,287**	**($132,238)**	**($53,235)**	**$9**	**$87,823**

See accompanying notes to the interim condensed consolidated financial statements.

CRIUS ENERGY TRUST

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017 AND 2016

(in thousands of U.S. dollars)

(Unaudited)

	Notes	For the three months ended June 30, 2017	For the three months ended June 30, 2016	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Net inflow (outflow) of cash related to the following activities:					
Operating Activities					
Net (loss) income		($14,600)	$40,353	($40,853)	$29,300
Add net (loss) income items related to financing activities:					
Finance costs		2,363	2,561	4,618	5,367
Distributions to non-controlling interest		—	2,189	—	5,658
Add (deduct) items not affecting cash					
Depreciation of property and equipment		341	312	673	622
Amortization of intangible assets	14	13,950	9,746	31,337	18,849
Change in fair value of derivative instruments	9	822	(37,357)	9,146	(30,171)
Change in fair value of non-controlling interest	9	—	(7,726)	—	(6,679)
Change in fair value of warrants	9	446	(21)	1,050	(142)
Unit-based compensation	17	2,121	1,143	4,771	2,701
Bad debt expense	9	1,601	111	2,214	598
Non-cash interest		(54)	18	38	(184)
Loss on disposal of assets		—	44	—	44
Provision for income taxes	10	—	2,521	—	2,320
		6,990	13,894	12,994	28,283
Net change in operating assets and liabilities	13	(5,661)	(6,746)	(19,861)	(21,689)
Cash flows provided by (used in) operating activities		**1,329**	**7,148**	**(6,867)**	**6,594**
Investing Activities					
Purchase of intangible assets	14	—	(19)	(61)	(19)
Acquisitions	5	(400)	(1,343)	(1,074)	(7,313)
Software development expenditures	14	(743)	(1,790)	(1,462)	(2,950)
Purchase of property and equipment		(51)	(196)	(177)	(456)
Issuance of loans	15	(1,827)	—	(4,131)	—
Cash flows used in investing activities		**(3,021)**	**(3,348)**	**(6,905)**	**(10,738)**
Financing Activities					
Credit facility advances	6	56,500	15,500	76,500	42,000
Credit facility repayments	6	(26,000)	(17,000)	(35,500)	(29,000)
Proceeds from term loan	6	—	—	8,000	—
Repayment of finance leases		(101)	(76)	(211)	(151)
Units issued	11	—	56,390	—	56,390
Unit issuance costs	11	—	(5,494)	—	(5,494)
Acquisition of non-controlling interest		—	(45,294)	—	(45,294)
Finance costs		(2,652)	(2,530)	(4,949)	(5,064)
Distributions to non-controlling interest		—	(3,350)	—	(6,912)
Distributions to Unitholders		(5,804)	(2,211)	(11,613)	(4,355)
Cash flows provided by (used in) financing activities		**21,943**	**(4,065)**	**32,227**	**2,120**
Effect of foreign currency translation		(19)	—	9	—
Net cash inflow (outflow)		20,232	(265)	18,464	(2,024)
Cash and cash equivalents, beginning of period		9,126	9,486	10,894	11,245
Cash and cash equivalents, end of period		$29,358	$9,221	$29,358	$9,221

See accompanying notes to the interim condensed consolidated financial statements

1. NATURE AND ORGANIZATION

Crius Energy Trust (the "**Trust**") is an unincorporated, open-ended limited purpose trust established under the laws of the Province of Ontario on September 7, 2012. The Trust was established to provide investors with a distribution producing investment primarily through its ownership interest in Crius Energy, LLC (the "**Company**"), a Delaware limited liability company, by its indirect wholly-owned subsidiary, Crius Energy Corporation.

The Trust is administered by Crius Energy Administrator (the "**Administrator**"), pursuant to the Administration Agreement dated September 7, 2012 between Computershare Trust Company, as Trustee of the Trust, and the Administrator. The Board of Directors of the Administrator therefore performs the majority of the oversight and governance role for the Trust. The Trust is domiciled at: 3400, One First Canadian Place, P.O. Box 130, 100 King Street West, Toronto, Ontario, Canada M5X 1A4.

The following is a summary of the entities directly or indirectly wholly-owned by the Trust:

- Crius Energy Holdings Inc. was incorporated under the *Business Corporations Act* (Ontario) on October 23, 2012. The Trust is the sole shareholder of Crius Energy Holdings Inc. Crius Energy Holdings Inc. holds all of the issued and outstanding common shares in Crius Energy Corporation and Crius Energy Australia, Pty Ltd., which was formed for the purpose of conducting business in Australia.

- Crius Energy Commercial Trust was established as an unincorporated open-ended limited purpose trust under the laws of the Province of Ontario on November 7, 2012. Crius Energy Commercial Trust was established for the purpose of acquiring and holding the debt of the Trust's indirect, wholly-owned subsidiary, Crius Energy Corporation.

- Crius Energy, ULC was incorporated under the Business Corporations Act (British Columbia) on May 19, 2016. Crius Energy, ULC was incorporated for the purpose of acquiring and holding all of the issued and outstanding preferred shares of Crius Energy Corporation.

- Crius Energy Corporation was incorporated under the Delaware General Corporation Law on October 26, 2012. Crius Energy Corporation was incorporated for the purpose of acquiring a controlling interest in the Company. 100% ownership of the Company was achieved in June 2016. Crius Energy Corporation holds a 71.6% controlling interest in Crius Solar Fulfillment, LLC, which owns 100% of Verengo, Inc. and 100% of Mace Merger Sub, Inc.; and 100% of Crius Solar, LLC, which was formed to acquire solar energy capabilities.

The Company's wholly-owned subsidiaries include: Cincinnati Bell Energy, LLC; Crius Energy Management, LLC; Crius Energy Management 2, LLC; Crius Solar Holdings, LLC; Energy Solutions Group, LLC; Everyday Energy, LLC; Everyday Energy NJ, LLC; FairPoint Energy, LLC; People's Choice Energy, LLC; Public Power Energy, LLC; Public Power, LLC (a Connecticut limited liability company); Public Power, LLC (a Pennsylvania limited liability company, entity number 3911142); Public Power, LLC (a Pennsylvania limited liability company, entity number 3933152); Public Power & Utility of Maryland, LLC; Public Power & Utility of NY, Inc.; Regional Energy Holdings, Inc.; TriEagle 1, LLC; TriEagle 2, LLC; TriEagle Energy LP; Viridian Energy, LLC; Viridian Energy NY, LLC; Viridian Energy PA LLC; and Viridian Network, LLC.

2. OPERATIONS

The Company's business primarily involves the sale of electricity and natural gas to residential and commercial customers under variable price and fixed price contracts. The Company, through its subsidiaries, principally markets electricity and natural gas, and derives its gross margin from the difference between the price at which it sells the commodities to its customers and the price at which it purchases the associated volumes from its supplier. The Company, through its subsidiaries, also markets and installs solar energy products to its existing customers as well as to new prospects.

Through its licensed operating subsidiaries, the Company (i) provides retail electricity to its customers in the Connecticut, Delaware, District of Columbia, Illinois, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island and Texas markets; (ii) provides retail natural gas to its customers in the California, District of Columbia, Illinois, Indiana, Maryland, New Jersey, New York, Ohio, Pennsylvania and Virginia markets; and (iii) markets and installs solar energy products in the California, Connecticut, Massachusetts, New Jersey, New York and Rhode Island markets.

3. BASIS OF PRESENTATION

Basis of presentation and interim reporting

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") applicable to the preparation of interim financial statements, including International Accounting Standard ("**IAS**") 34 "*Interim Financial Reporting Standards*". Accordingly, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("**IASB**"), have been omitted or condensed. All adjustments which are of a normal recurring nature and are necessary for a fair presentation have been reflected in these interim condensed consolidated financial statements. These interim condensed consolidated financial statements should be read in conjunction with the Trust's annual financial statements for the year ended December 31, 2016.

The Trust's operations are seasonal and, therefore, the interim operating results are not necessarily indicative of the results that may be expected for the year ending December 31, 2017. Electricity consumption is typically highest during the summer months of July and August due to cooling demand and the winter months of January and February due to heating demand. Natural gas consumption is typically highest during the months of November through March due to heating demand. The impact of seasonality on customer usage is one of the many factors impacting revenues, which are also affected by retail rates charged to customers, customer growth and customer attrition.

The interim condensed consolidated financial statements are presented in U.S. dollars, the functional currency of the Trust and all its subsidiaries, and all values are rounded to the nearest thousands. The interim condensed consolidated financial statements are prepared on a going concern basis under the historical cost convention except for certain financial assets and liabilities which are stated at fair value.

Accounting policies and new standards adopted

These 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. Application of the amendments will result in additional disclosures in the Trust's annual financial statements for the year ending December 31, 2017.

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 policies

Government grants

Government grants are recognised at the fair value of assets received, where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Principles of consolidation

The interim condensed consolidated financial statements include the financial statements of the Trust and entities controlled by the Trust and the Administrator including subsidiaries as at June 30, 2017 and December 31, 2016 and include all the subsidiaries and entities over which the Trust has control and are consolidated from the date of acquisition, and continue to be consolidated until the date that such control ceases. All intercompany balances, income, expenses, and unrealized gains and losses resulting from intercompany transactions are eliminated on consolidation.

4. 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 using the modified retrospective approach. While the Trust is still evaluating 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.

5. ACQUISITIONS AND DISPOSALS

Acquisition of Verengo Inc.

On May 15, 2017, Crius Solar Fulfillment, LLC ("**CSF**"), an indirectly controlled subsidiary of the Trust, acquired 100% of the outstanding equity of Verengo Inc. ("**Verengo**"). Verengo is a solar installation provider based in California. We acquired Verengo because it will allow the Trust to capture more of the solar value chain by having in-house installation capabilities.

The acquisition was accounted for using the acquisition method of accounting. The interim condensed consolidated financial statements included the results of Verengo for the period subsequent to the acquisition date. The Trust allocated the purchase price of $6,430 to the identifiable assets and liabilities based on their fair values as at the date of acquisition. These values were determined provisionally and are subject to adjustment pending the finalization of the valuation and related accounting. A convenience date of April 30, 2017 was used to determine these values due to its immaterial difference to May 15, 2017. If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the preliminary amounts then the acquisition accounting will be revised.

The following table shows the preliminary fair value of identifiable net assets acquired:

	As at May 15, 2017
Cash and cash equivalents	$41
Accounts receivable	757
Inventory	336
Other current assets	397
Property and equipment	90
Customer relationships	184
Computer software	432
Goodwill	5,745
Other non-current assets	337
Trade and other payables	(1,889)
Total purchase price	**$6,430**

In addition to the identifiable net assets acquired per the above, CSF also acquired deferred tax assets, primarily resulting from net operating loss carryforwards of Verengo. However, these deferred tax assets do not meet the recognition criteria of IAS 12, they are subject to a 100% valuation allowance.

The purchase price for the acquisition of $6,430 was settled in cash of $595 and forgiveness of debtor-in-possession financing and other loans and notes receivable totaling $5,835.

Acquisition-related costs amounting to $171 and $34 have been recognized as an expense in the interim condensed consolidated statements of comprehensive (loss) income, as part of general and administrative expenses for the six months ended June 30, 2017 and the year ended December 31, 2016, respectively.

As at June 30, 2017, the fair values of identifiable intangible assets amounting to $616 are provisional pending receipt of their final valuation. The fair value of the trade and other receivables acquired as part of the business combination amounted to $757, with a gross contractual amount of $1,111. As of the acquisition date, the Company's best estimate of the contractual cash flow not expected to be collected amounted to $354. Goodwill recognized on the acquisition largely relates to benefits such as the value of the assembled workforce and synergies and economies of scale that are expected from combining the operations of the CSF and Verengo that do not meet the criteria for recognition as intangible assets under IAS 38 *Intangible Assets*. This goodwill has been allocated to the Company's existing segment and is not expected to be deductible for tax purposes.

Verengo has contributed $875 and ($624) to the Company's revenues and net loss, respectively, from the acquisition date to June 30, 2017. Had the Verengo acquisition occurred on January 1, 2017, the Company's revenue for the six months ended June 30, 2017 would have been $359,565 and the Company's net loss and total comprehensive loss for the six months ended June 30, 2017 would have been ($5,263). These pro forma amounts have been determined by applying the Company's accounting policies.

Connecticut and Massachusetts Customer Acquisition

In January 2017, the Company acquired a portfolio of electricity customers in Connecticut and Massachusetts from a Connecticut-based energy service company. The acquisition was funded by cash and availability under the Supplier Agreement with Macquarie Energy. This transaction was treated as an asset acquisition and the Company allocated the purchase price of $673 to customer relationships as at the date of acquisition. As at June 30, 2017, the final number of customers acquired as part of the portfolio was lower than the original estimate used to record the customer relationships. As such, the final purchase price allocated to customer relationships was $479 as at June 30, 2017.

Acquisition of Certain Assets from SunEdison Inc.

On September 19, 2016, the Company purchased a proprietary residential solar lead-generation platform, customer lead databases, marketing materials and hired certain employees from SunEdison Inc. ("**SunEdison**"). The Company acquired the assets and employees from SunEdison to significantly expand its capabilities in the solar energy segment.

The acquisition was accounted for using the acquisition method of accounting. The interim condensed consolidated financial statements include the results of the SunEdison transaction from the acquisition date. The Company allocated the cash purchase price of $1,500, which was paid upon closing, to the identifiable net assets based on their fair values as at the date of acquisition. There was no goodwill recognised as part of this transaction.

The following table shows the fair value of identifiable net assets acquired:

	As at September 19, 2016
Computer software	$1,438
Computer hardware	50
Other current assets	12
Total purchase price	**$1,500**

Acquisition of Commercial Energy Broker

On February 25, 2016, the Company obtained control of a Florida-based broker ("**Broker**") of electricity and natural gas by purchasing certain seller agreements, business licenses, all intellectual property, call center equipment and hiring a majority of the former employees of the Broker. The Company acquired the Broker to expand its internal salesforce to focus primarily on the commercial customer market.

The acquisition was accounted for using the acquisition method of accounting. The interim condensed consolidated financial statements include the results of the Broker from the acquisition date. The Company allocated the purchase price of $1,200 to the identifiable net assets based on their fair values as at the date of acquisition.

The following table shows the fair value of identifiable net assets acquired:

	As at February 25, 2016
Customer relationships	$910
Goodwill	290
Total purchase price	**$1,200**

The purchase price for the acquisition of $1,200 was settled in cash of $600, with the remaining $600 included in trade and other payables in the interim condensed consolidated statements of financial position as at June 30, 2016.

Goodwill recognised on the acquisition largely relates to benefits such as the value of synergies that are expected from combining the operations of the Company and the Broker that do not meet the criteria for recognition as intangible assets under IAS 38 *Intangible Assets*. This goodwill has been allocated to the Company's existing single segment. Goodwill that is deductible for tax purposes is $290.

On April 23, 2017, the Company entered into a letter agreement with the former owners of the Broker, whereby the purchase price was amended to the $600 cash paid on February 25, 2016 and the business licenses originally part of the 2016 purchase agreement reverted back to the former owners of the Broker. Additionally, all property and equipment in the Florida office was sold back to the former owners of the Broker for a nominal amount.

Acquisition of Customers from Iron Energy, LLC d/b/a Kona Energy

On February 1, 2016, the Company purchased the customer contracts and associated assets of approximately 75,000 electric residential customer equivalents in Illinois, New York, Ohio, and Texas from Iron Energy LLC d/b/a Kona Energy ("**Kona**"), a Texas-based energy retailer. The Company acquired Kona because it increased its geographic footprint in selected states, as well as added to the Company's existing portfolio of commercial accounts. Additionally, the Company assumed broker commission liabilities and liabilities related to assumed electricity and natural gas derivative contracts. The acquisition was funded by cash and availability under the Company's credit facility with Macquarie Energy. This transaction was treated as an asset acquisition and the Company allocated the purchase price of $6,713 to the identifiable net assets and liabilities based on their fair values as at the date of acquisition.

The following table shows the fair value of identifiable net assets and liabilities acquired:

	As at February 1, 2016
Customer relationships	$25,430
Derivative liability	(14,193)
Broker commission liability	(4,524)
Total purchase price	**$6,713**

Disposal of Certain Viridian Assets

On July 15, 2016, the Company sold certain assets, including intangible assets with a net book value of $9,167, relating to the Viridian network marketing sales channel of the Company to Viridian International Management LLC ("**VIM**") for $2,074 in cash, and a 10% ownership interest in VIM. Additional non-cash consideration consisted of a $4,000 promissory note, due in July 2017; contingent consideration of up to $10,000 due over five years, which may be abated if specified sales targets are achieved; and $943 of deferred revenue relating to advanced payment of membership, which was retained by the Company. In June 2017, the promissory note was amended whereby the due date was extended to May 12, 2019.

The 10% ownership interest in VIM was not recorded in the interim condensed consolidated statements of financial position, as it has zero fair value due to the underlying shares not being quoted in active markets and the terms and conditions of the LLC agreement not providing a transaction price. As such, they are not reliably measurable. The $4,000 promissory note was recorded as a note receivable, however, based on Management's current understanding and assessment of VIM's ability to pay this note, the amount was subsequently fully reserved in 2016. The $10,000 contingent consideration due were not recorded, due to the contingent nature of the performance based sales targets, as well as the probability of collection being not virtually certain. The Company recorded a loss of $2,246 in conjunction with the sale.

6. FINANCING

Macquarie Energy Supplier Agreement

The Company and its operating subsidiaries entered into several agreements (the "**Supplier Agreement**") with Macquarie Energy LLC ("**Macquarie Energy**") to provide 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 and the local distribution companies ("**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 $250,000 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 in the Trust's finance costs in the interim condensed consolidated statements of comprehensive (loss) income. 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 $60,000 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 (1.23% and 0.77% as at June 30, 2017 and December 31, 2016, respectively), with an incremental interest rate of 1.25% applied to borrowings above a certain threshold.

Macquarie Energy has extended trade credit to the Company totaling $46,914 and $45,569 under this Supplier Agreement as at June 30, 2017 and December 31, 2016, respectively. There were letters of credit issued totaling $9,201 and $11,536, as well as cash advances of $50,500 and $9,500 drawn under the working capital facility as at June 30, 2017 and December 31, 2016, respectively. During the three and six months ended June 30, 2017, total energy purchases totaled $113,305 and $235,063, respectively and interest expense under the Supplier Agreement totaled $2,542 and $5,047, respectively, whereas during the three and six months ended June 30, 2016, total energy purchases totaled $115,977 and $230,754, respectively and interest expense under the Supplier Agreement totaled $2,888 and $5,533, respectively. The availability under the credit facility was $299 as at June 30, 2017. As at June 30, 2017, the Company was in compliance with all covenants.

Term Loan Payable

In January 2017, the Connecticut Department of Economic and Community Development ("**CT DECD**") advanced a subordinated term loan to the Company in the amount of $8,000, at an annual interest rate of 2.0%. Repayment of the loan's principal and accrued interest are repayable over a period of up to 10 years, with a maturity of February 2027. The term loan is secured by all Company assets, but is subordinated to the security interest of Macquarie Energy under the Supplier Agreement. Payment of the loan principal is deferred for the first four years of the loan term. Additionally, the loan contains a provision for potential debt forgiveness or early redemption based on the Company achieving certain headcount targets agreed upon with the CT DECD. Of the $8,000 term loan received, $6,051 was classified as the fair value of the loan and the remaining $1,949 represents a government grant, reflecting the benefit of the below market interest rate component of the term loan, which is being accreted over the 10-year period of the loan using the effective interest method. See Note 16 *Government Grants* for further information.

	As at June 30, 2017
Current portion of term loan payable	$—
Non-current portion of term loan payable	6,157
Total term loan payable outstanding	**$6,157**

7. INVENTORY

As at June 30, 2017 and December 31, 2016, inventory consisted of the following:

	As at June 30, 2017	As at December 31, 2016
Natural gas in storage	$638	$545
Purchased and unretired RECs	9,581	15,514
Solar inventory	843	—
Inventory	**$11,062**	**$16,059**

8. GOODWILL

The reconciliation of the carrying amount of goodwill is as follows:

	Six months ended June 30, 2017	Year ended December 31, 2016
Net book value at the beginning of the period	$119,597	$117,105
Goodwill recognised related to acquisitions	5,745	2,492
Net book value at the end of the period	**$125,342**	**$119,597**

Goodwill acquired through business combinations have been allocated to a single Cash Generating Unit ("**CGU**"), as the Trust operates under a single segment.

The Trust performed a review of impairment indicators as at June 30, 2017, including a review of the relationship between its market capitalization and its carrying value, among other factors and concluded no impairment indicator was present. The principal sensitivity of the fair value less cost of disposal calculation is the trading price of a unit of the Trust ("**Unit**"). Future reductions in the Unit price may result in impairment of goodwill in subsequent reporting periods.

9. FINANCIAL INSTRUMENTS

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management has estimated the fair value of financial instruments using a method that employs market forward curves that are either directly sourced from third parties or are developed internally based on third party market data. These curves can be volatile thus leading to volatility in the mark-to-market with no impact to cash flows. To the extent the Trust has derivative instruments that are either not traded directly on an exchange or there is no published market data available, management uses a valuation based on actual historical data on certain spreads to adjust forward published market prices to arrive at a forward curve. The fair value of the non-controlling interest related to the 28.4% of the Crius Solar Fulfillment LLC units is measured based on the contractual redemption formula in the LLC agreement. Prior to the acquisition of the remaining LLC units, the fair value of the non-controlling interest related to the LLC units of the Company was measured principally based on the publicly traded Unit price, with an adjustment for the profit interest units of the Company that is calculated using an option pricing model. The principal sensitivity of the fair value of non-controlling interest is the Unit price. The fair value of the warrant liability is based on an option pricing model. The fair value of the financial transmission rights was determined based on an internally developed model that was based on certain auction pricing results. The fair value of the weather derivative was determined based on an internally developed model that was based on certain historical temperature and electricity pricing data together with the contractual terms of the derivative.

The Trust's activities expose it to a variety of market risks, principally from fluctuating commodity and currency prices. The Trust has established risk management policies and procedures designed to reduce the potentially adverse effects of price volatility on operating results and distributions. The Trust's risk management activities include the use of derivative instruments such as options, swaps, forward contracts, weather derivatives and financial transmission rights. The Trust maintains commodity and currency price risk management strategies that use derivative instruments, within approved risk tolerances to minimize significant, unanticipated fluctuations in earnings or distributions caused by market price volatility.

The following table illustrates changes in fair value of derivative instruments related to financial instruments classified as held-for-trading and recorded in the interim condensed consolidated statements of comprehensive (loss) income:

	For the three months ended June 30, 2017	For the three months ended June 30, 2016	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Foreign exchange options	$549	($151)	($14)	$410
Fixed-for-floating electricity swaps	(5,686)	20,038	(10,644)	7,216
Fixed-for-floating natural gas swaps	(343)	3,300	(1,199)	4,845
Physical electric forward contracts	4,248	13,393	1,900	16,289
Physical natural gas forward contracts	78	56	81	274
Physical electric basis forward contracts	—	—	—	(33)
Fixed-for-floating electricity basis swaps	241	432	261	909
Fixed-for-floating natural gas basis swaps	(26)	192	(107)	352
Heat rate forward contracts	290	(174)	429	160
Electricity capacity contracts	(11)	74	(45)	(117)
Financial transmission rights	(162)	253	128	359
Weather derivatives	—	(56)	58	(493)
Electricity derivative options	—	—	(4)	—
Gas derivative options	—	—	10	—
Change in fair value of derivative instruments	**($822)**	**$37,357**	**($9,146)**	**$30,171**

The following table summarizes the fair value of the financial assets and liabilities classified as held-for-trading. Due to their short-term nature, these derivative instruments are recorded in other current financial assets and other current financial liabilities, respectively, in the interim condensed consolidated statements of financial position as at June 30, 2017:

	Other current financial assets	Other current financial liabilities
Foreign exchange options	$3,366	$—
Fixed-for-floating electricity swaps	—	15,411
Fixed-for-floating natural gas swaps	—	230
Physical electric forward contracts	—	3,057
Physical natural gas forward contracts	—	16
Fixed-for-floating electricity basis swaps	—	(79)
Fixed-for-floating natural gas basis swaps	—	31
Heat rate forward contracts	—	(51)
Financial transmission rights	—	(98)
	$3,366	**$18,517**

The following table summarizes the fair value of the financial assets and liabilities classified as held-for-trading. Due to their short-term nature, these derivative instruments are recorded in other current financial assets and other current financial liabilities, respectively, in the interim condensed consolidated statements of financial position as at December 31, 2016:

	Other current financial assets	Other current financial liabilities
Foreign exchange options	$1,687	$—
Fixed-for-floating electricity swaps	—	4,768
Fixed-for-floating natural gas swaps	—	(961)
Physical electric forward contracts	—	4,957
Physical natural gas forward contracts	—	96
Fixed-for-floating electricity basis swaps	—	181
Fixed-for-floating natural gas basis swaps	—	(76)
Heat rate forward contracts	—	378
Electricity capacity contracts	—	(45)
Financial transmission rights	—	31
Weather derivatives	380	—
Electricity derivative options	—	(4)
Gas derivative options	—	10
	$2,067	**$9,335**

The following table summarizes the fair value of the financial assets and liabilities classified as held-for-trading and recorded as at June 30, 2017 and December 31, 2016:

	Notional Volume	Total Remaining Volume	Maturity Date (months)	Fixed Price ($)	Fair Value ($)	Notional Value ($)
June 30, 2017						
Fixed-for-floating electricity swaps..................	(15) – 100 MW	6,652,245 MWh	1 – 54	$21.30 to $74.24	($15,411)	$273,029
Fixed-for-floating natural gas swaps	(1000) – 2,903 MMBtu	1,284,300 MMBtu	1 – 21	$2.75 to $4.10	($230)	$5,036
Physical electric forward contracts..............................	0 – 23 MW	1,863,013 MWh	1 – 58	$21.15 to $65.95	($3,057)	$60,308
Physical natural gas forward contracts..............................	1 – 1,221 MMBtu	198,493 MMBtu	1	$1.79 to $3.42	($16)	$479
Fixed-for-floating electricity basis swaps..........	(15) – 15 MW	– MWh	1 – 6	($2.45) to $36.55	$79	$4,895
Fixed-for-floating natural gas basis swaps	(1,071) – 1,071 MMBtu	– MMBtu	1 – 9	($0.92) to ($0.05)	($31)	$64
Heat rate forward contracts..............................	2 – 5 MW	41,624 MWh	1 – 12	$9.97 to $18.45	$51	$1,655
Financial transmission rights	0.77 – 32.52 MW	590,068 MWh	1 – 11	($1.38) to $3.52	$98	$321
December 31, 2016						
Fixed-for-floating electricity swaps................	1 – 25 MW	3,819,925 MWh	1 – 48	$21.30 to $74.24	($4,768)	$148,271
Fixed-for-floating natural gas swaps	(123) – 5,000 MMBtu	2,079,350 MMBtu	1 – 18	$2.75 to $4.24	$961	$7,668
Physical electric forward contracts...........................	0 – 24 MW	1,927,484 MWh	1 – 50	$20.75 to $71.43	($4,957)	$68,107
Physical natural gas forward contracts...........................	(1,380) – 5,427 MMBtu	892,245 MMBtu	1	$0.05 to $9.18	($96)	$4,465
Fixed-for-floating electricity basis swaps.........	(20) – 20 MW	– MWh	1 – 12	$(5.50) to $36.55	($181)	$10,192
Fixed-for-floating natural gas basis swaps	161 – 2,500 MMBtu	– MMBtu	1 – 6	$(0.90) to $4.86	$76	$744
Heat rate forward contracts..............................	2 – 5 MW	53,627 MWh	1 – 18	$9.36 to $18.45	($378)	$2,176
Electricity capacity contracts..............................	25,000 KWM	100,000 KWM	1 – 4	$1.25	$45	$125
Financial transmission rights	0.9 – 11.74 MW	707,003 MWh	1 – 17	$(5.65) to $10.50	($31)	$855
Electricity derivative options	800 – 920 MW	2,600 MWh	1 – 3	$20.05	$4	$52
Gas derivative options	0 – 2,000 MMBtu	134,740 MMBtu	1 – 3	$0.55	($10)	$74

The following table summarizes the fair value of the foreign exchange options as at June 30, 2017 and December 31, 2016:

	Notional Value	Total Remaining Volume	Maturity Date (months)	Fixed Price ($)	Fair Value ($)
June 30, 2017					
Foreign exchange options......................	US$61,180 C$81,981	US$61,180 C$81,981	1 – 30	C$1.34 per US$1	US$3,366
December 31, 2016					
Foreign exchange options......................	US$44,392 C$58,398	US$44,392 C$58,398	1 - 24	C$1.34 per US$1	US$1,687

To satisfy the renewable portion of the Company's energy products, renewable energy certificates ("**RECs**") are purchased directly from generators or in the secondary market from REC brokers. Generally, the Company purchases these credits in arrears after the period in which it delivers load to customers. The fair value of the liability related to these RECs is included in trade and other payables in the interim condensed consolidated statements of financial position. As at June 30, 2017 and December 31, 2016, the carrying amount of these liabilities is $13,921 and $13,218, respectively.

The following table summarizes the financial assets and liabilities that are subject to offsets and related arrangements and the effect of offsets and arrangements on the amounts recorded in the interim condensed consolidated statements of financial position:

	Gross Assets	Gross Liabilities	Offset	Net Amount
June 30, 2017				
Commodity contracts offset to assets	$373	($275)	($275)	$98
Commodity contracts offset to liabilities	$4,746	($23,299)	$4,746	($18,553)
December 31, 2016				
Commodity contracts offset to liabilities	$21,048	($30,605)	$21,048	($9,557)

Fair value ("FV") hierarchy

Level 1

The fair value measurements are classified as Level 1 in the FV hierarchy if the fair value is determined using quoted, unadjusted market prices.

Level 2

Fair value measurements that require inputs other than quoted prices in Level 1, either directly or indirectly, are classified as Level 2 in the FV hierarchy. This could include the use of statistical techniques to derive the FV curve from observable market prices. However, in order to be classified under Level 2, inputs must be substantially observable in the market. Derivative assets and liabilities included in Level 2 are valued using multiple prices quoted by market participants other than exchanges, industry pooling, volatility and other inputs that are derived principally from, or collaboratively by, observable market data.

Level 3

Fair value measurements that require unobservable market data or use statistical techniques to derive forward curves from observable market data and unobservable inputs, such as internally developed assumptions used in pricing an asset or a liability, for example, an estimate of cash flows used in internally developed present value of future cash flows are classified as Level 3 in the FV hierarchy.

When the inputs used to measure fair value fall within more than one level of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measure in its entirety.

The Trust's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer and are reported in the respective period. For the six months ended June 30, 2017, there were transfers out from Level 2 into Level 3 of $180, due to a decrease in observability of pricing on the underlying derivative instruments.

Assuming that all other variables remain constant, a market move of +/-10% in the unobservable inputs of the financial transmission rights would result in an immaterial increase (decrease) in net loss and total comprehensive loss for the six months ended June 30, 2017.

The following table illustrates the classification of financial assets and liabilities in the FV hierarchy as at June 30, 2017:

Recurring measurements	Level 1	Level 2	Level 3	Total
Financial assets				
Other current financial assets	$—	$3,366	$—	**$3,366**
Financial liabilities				
Other current financial liabilities	$—	($18,615)	$98	**($18,517)**
Acquisition contingent consideration liability	—	—	(473)	**(473)**
Warrant liability	—	(2,373)	—	**(2,373)**
Non-controlling interest	—	—	(1,285)	**(1,285)**

The following table illustrates the classification of financial assets and liabilities in the FV hierarchy as at December 31, 2016:

Recurring measurements	Level 1	Level 2	Level 3	Total
Financial assets				
Other current financial assets	$—	$1,978	$89	**$2,067**
Financial liabilities				
Other current financial liabilities	$—	($9,304)	($31)	**($9,335)**
Acquisition contingent consideration liability	—	—	(946)	**($946)**
Warrant liability	—	(1,323)	—	**(1,323)**
Non-controlling interest	—	—	(2,086)	**(2,086)**

The following tables illustrate the changes in net fair value of financial assets and liabilities classified as Level 3 in the FV hierarchy:

Non-controlling interest	Six months ended June 30, 2017	Year ended December 31, 2016
Liability at the beginning of period	$2,086	$149,619
Addition of non-controlling interest	—	2,086
Acquisition of non-controlling interest	(801)	(142,940)
Changes in fair value of non-controlling interest	—	(6,679)
Liability at the end of period	**$1,285**	**$2,086**

Commodity contracts	Six months ended June 30, 2017	Year ended December 31, 2016
Net balance at the beginning of period	$58	$843
Total loss	298	(3,545)
Purchases	472	1,651
Settlements	(550)	1,109
Transfer into Level 3	(180)	—
Net balance at the end of period	**$98**	**$58**

Contingent consideration liability	Six months ended June 30, 2017	Year ended December 31, 2016
Liability at the beginning of period	$946	$69
Additions	—	946
Write-offs	—	(69)
Changes in fair value of contingent consideration liability	(473)	—
Liability at the end of period	**$473**	**$946**

Classification of financial assets and liabilities

As at June 30, 2017 and December 31, 2016, respectively, the carrying amounts of the financial assets and liabilities, except for derivative assets and liabilities, warrant liability and non-controlling interest, approximated their fair value due to the short-term nature of these items. The derivative assets and liabilities, warrant liability and non-controlling interest are recorded at fair value.

Management of risks arising from financial instruments

The risks associated with the Trust's financial instruments are as follows:

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 price risk

The Trust is exposed to market risks associated with electricity and gas 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 its Risk Management Policy. This policy sets out a variety of limits, most importantly thresholds for open positions in the electricity and natural gas portfolios. The Trust's exposure to market risk is affected by a number of factors, including accuracy of estimation of customer commodity requirements, commodity prices, volatility and liquidity of markets. The Trust enters into derivative instruments including but not limited to commodity forwards, swaps, options and weather derivatives in order to manage exposures to changes in commodity prices. The inability or failure of the Trust to manage and monitor the above market risks could have a material adverse effect on the operations and cash flow of the Trust.

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 in commodity prices of +/-10% would result in a (decrease) increase in net loss and total comprehensive loss of $29,771 for the six months ended June 30, 2017.

Interest rate risk

The Trust is exposed to interest rate risk on certain advances within the Supplier Agreement with Macquarie Energy. As at June 30, 2017 and December 31, 2016, the Trust has aggregate letters of credit outstanding of $9,201 and $11,536, as well as cash advances of $50,500 and $9,500, respectively, outstanding under this facility, and therefore is exposed to interest rate risk. The Trust is also exposed to interest rate risk on the $964 in loans receivable from Big Sky Gas Holdings, LLC ("**Big Sky Gas**"). 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. For the six months ended June 30, 2017, the impact of a 1% increase (decrease) in the interest rate on these balances would have not had a material impact on finance costs in the interim condensed consolidated statements of comprehensive (loss) income.

Foreign currency risk

The Trust is exposed to currency rate risk in that its business operations are conducted in United States dollars, however, its distributions and publicly-listed Units are denominated in Canadian dollars. The Trust's policy is to mitigate its economic exposure to currency rate movements by entering into currency derivative products including options and swaps. Period to period changes in forward currency prices could cause significant changes in the mark-to-market valuation of these 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 loss and total comprehensive loss of $5,381 and ($2,726), respectively, for the six months ended June 30, 2017.

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

The Trust is exposed to customer credit risk and, therefore, credit review and other processes have been implemented to perform credit evaluations of customers and manage customer default. The Trust has customer credit risk exposure relating to all or certain electricity and natural gas accounts receivable in the states of California, Delaware, District of Columbia, Illinois, Maine, New Hampshire, New Jersey, Ohio, Pennsylvania, Rhode Island, Texas and Virginia, which do not have purchase of receivables programs in place ("**Non-POR markets**") under which the LDCs assume the credit risk associated with the customer billings. If a significant number of customers in these markets were to default on their payments, it could have a material adverse effect on the operations and cash flows of the Trust. In Texas, certain customers are required to provide a deposit when they open an account with the Company, which can be used in the event of default on a customer account, thereby reducing customer credit risk in this market. As at June 30, 2017 and December 31, 2016, these customer deposits total $769 and $544, respectively, and are included within trade and other payables on the interim condensed consolidated statements of financial position.

For the remaining markets, the LDCs provide collection services and assume the risk of any bad debts owing from the Trust's customers for a fee. Management believes that the risk of the LDCs failing to deliver payment to the Trust is minimal. There is no assurance that the LDCs that provide these services will continue to do so in the future.

As at June 30, 2017 and December 31, 2016, the customer credit risk exposure from Non-POR markets amounted to $9,974 and $7,829, respectively, and the accounts receivable aging for these markets are as follows:

Accounts Receivable at	Total	Current	30-59 days	Over 60 days
June 30, 2017	$9,974	$9,012	$386	$576
December 31, 2016	$7,829	$6,760	$442	$627

Changes in the allowance for doubtful accounts were as follows:

	Six months ended June 30, 2017	Year ended December 31, 2016
Balance, beginning of year	$1,531	$965
Bad debt expense related to trade receivables	1,085	1,987
Bad debts written off	(1,058)	(1,421)
Balance, end of period	**$1,558**	**$1,531**

Counterparty credit risk

Counterparty credit risk represents the loss that the Trust would incur if a counterparty fails to perform under 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 $3,366 and $2,067 as at June 30, 2017 and December 31, 2016, respectively, representing the risk relating to its derivative financial assets. The Trust is also exposed to counterparty credit risk on its promissory note and amounts due under the credit facility with VIM, in addition to its loans receivable from Big Sky Gas. The $4,144 promissory note and $2,508 amount due under the credit facility with VIM are fully reserved for, based on the Company's current understanding and assessment of VIM's ability to pay. 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 following are the contractual commitments as at June 30, 2017:

	Contractual cash flow	Less than 1 year	1 to 5 years	More than 5 years
Trade and other payables	$159,071	$127,830	$31,241	$—
Operating leases	13,084	1,239	6,113	5,732
Financing leases	759	439	320	—
Credit facility	50,500	50,500	—	—
Distribution payable	2,044	2,044	—	—
Other non-current liabilities	12,440	—	11,658	782
Term loan payable	9,070	160	3,835	5,075
	$246,968	**$182,212**	**$53,167**	**$11,589**

Supplier risk

The Trust purchases its energy delivered to its customers through contracts entered into with Macquarie Energy. The Trust has an exposure to supplier risk as the ability to continue to deliver energy to its customers is reliant upon the ongoing operations of this supplier and its contractual obligations.

10. INCOME TAXES

The Trust has recorded an income tax provision for the three and six months ended June 30, 2017 in the amount of $754 and $926, respectively. For the three and six months ended June 30, 2016 it recorded an income tax provision of $2,353 and $1,076, respectively. The income tax provision recorded is based on management's estimate of the average annual effective income tax rate expected for the full financial year. For the six months ended June 30, 2017, with the impact of the buyout of non-controlling interest of Crius Energy LLC in June 2016, the income tax provision 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 and judgments related to the ability to realize deferred taxes. For the six months ended June 30, 2016, the income tax provision 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.

11. TRUST CAPITAL

Issuance of Trust Units

On May 30, 2017, the Trust, CSF, Verengo, and its wholly-owned subsidiary, Mace Merger Sub, Inc. entered into an agreement and plan of merger (the "**Merger Agreement**") with U.S. Gas & Electric, Inc. ("**USG&E**"), MVC Capital, Inc., as a stockholder of USG&E and in its capacity as representative for the stockholders of USG&E, and James B. Wiser, solely in his capacity as representative for certain minority stockholders of USG&E, in connection with the acquisition of USG&E, a leading U.S. energy retailer with natural gas and/or electricity customers in 11 States and the District of Columbia. (the "**USG&E Acquisition**").

Pursuant to the Merger Agreement, the Trust agreed to indirectly acquire USG&E for consideration of $172,500, consisting of (i) $95,000 in cash (partially funded from the proceeds of the 2017 Offering (as defined herein) and availability under the Company's working capital facility with Macquarie Energy), (ii) $47,500 in promissory notes with an eight-year term, (iii) 3,847,870 Units, and (iv) certain net cash, deposit and indebtedness amounts as specifically defined in the Merger Agreement.

Concurrently with the entering into of the Merger Agreement, the Trust entered into an agreement with a syndicate of underwriters co-led by Desjardins Securities Inc., RBC Dominion Securities Inc. and National Bank Financial Inc. (collectively, the "**Underwriters**"), pursuant to which the Underwriters agreed to purchase from Crius, on a "bought deal" basis, and sell to the public 11,224,500 subscription receipts of the Trust ("**Subscription Receipts**") at a price of C$9.80 per Subscription Receipt (the "**Offering Price**") for total gross proceeds of C$110,000,100 (the "**2017 Offering**"). In addition, the Trust also granted the Underwriters an option (the "**Over-Allotment Option**") to purchase up to an additional 1,683,675 Subscription Receipts (the

"**Additional Subscription Receipts**") at the Offering Price per Additional Subscription Receipt, exercisable in whole or in part, at any time up to 30 days following the closing of the Offering.

On June 20, 2017, the Trust closed the 2017 Offering, resulting in the issuance of 11,224,500 Subscription Receipts at the Offering Price for total gross proceeds of C$110,000,100. On June 27, 2017, the Trust closed the Over-Allotment Option, resulting in the issuance of 1,683,675 Additional Subscription Receipts at the Offering Price for total additional gross proceeds of C$16,500,015. As at June 30, 2017, the proceeds from the Subscription Receipts and the Additional Subscription Receipts are held in escrow.

On June 23, 2016, the Trust closed a public equity offering of 8,581,300 subscription receipts at a price of C $8.45 per Unit, which included 1,119,300 subscription receipts issued pursuant to the exercise in full of the over-allotment option by the underwriters, for total gross proceeds of C$72,512 (or US$56,390) (the "**2016 Offering**").

Concurrent with the closing of the 2016 Offering, the Trust used the proceeds to primarily make an additional indirect investment in Crius Energy Corporation through a combination of capital contributions and a loan to enable Crius Energy Corporation to purchase the remaining 19,458,942 LLC Units of the Company that were not already owned by Crius Energy Corporation from the existing holders of LLC Units, representing an additional 56.9% ownership interest in the Company, such that the Trust holds a 100% ownership interest in the Company immediately following the transaction. Such LLC Units Acquisition was completed pursuant to an offer to purchase from Crius Energy Corporation and Crius Energy Trust dated May 18, 2016 to each registered holder of LLC Units, other than Crius Energy Corporation, whereby Crius Energy Corporation and Crius Energy Trust offered to purchase LLC Units from such registered holders of LLC Units. The buyout payment to each seller of LLC Units was (i) 0.766 Trust Units per LLC Unit and (ii) C$2.93. Upon the terms and subject to the conditions of the Offer, LLC Unit Sellers received an aggregate purchase price of 14,760,000 Trust Units and $45,294. The remaining net proceeds after transaction costs of $5,494 are available for general corporate purposes.

Distributions paid and proposed

For the three and six months ended June 30, 2017, monthly distributions of C$0.0644 per Unit were declared by the Trust for January through March 2017 and C$0.0657 per Unit were declared for April through June 2017, which together amounted to $5,921 and $11,758, respectively. These distributions were approved throughout the periods by the Board of Directors of the Trust and all amounts were paid by July 17, 2017 to Unitholders of record at the close of business on June 30, 2017. For the three and six months ended June 30, 2016, distributions of C$0.0595 per Unit were declared by the Trust for January through March 2016 and C $0.0607 per unit were declared for April through June 2016, which together amounted to amounted to $3,322 and $5,495, respectively.

Declared dividends subsequent to quarter-end

On July 6, 2017, the Board of Directors of the Trust declared monthly distributions for July through September 2017, in the amount of C$0.0670 per Unit per month. The July 2017 distribution will be paid on August 15, 2017, to Unitholders of record at the close of business on July 31, 2017. The August 2017 distribution will be paid on September 15, 2017, to Unitholders of record at the close of business on August 31, 2017. The September 2017 distribution will be paid on October 16, 2017 to Unitholders of record at the close of business on September 30, 2017.

12. (LOSS) INCOME PER UNIT

	For the three months ended June 30, 2017	For the three months ended June 30, 2016	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Net (loss) income	($14,600)	$40,353	($40,853)	$29,300
Weighted average number of Units outstanding	40,095,411	18,797,133	40,090,956	17,771,142
Basic (loss) income per Unit	**($0.36)**	**$2.15**	**($1.02)**	**$1.65**
Net (loss) income	($14,600)	$40,353	($40,853)	$29,300
Weighted average number of Units outstanding	40,095,411	18,797,133	40,090,956	17,771,142
Weighted average number of dilutive warrants outstanding	—	205,244	—	197,404
Diluted weighted average number of total Units outstanding	40,095,411	19,002,377	40,090,956	17,968,546
Diluted (loss) income per Unit	**($0.36)**	**$2.12**	**($1.02)**	**$1.63**

Warrants (750,000) and DTUs (74,102) outstanding were anti-dilutive to loss per Unit for the three and six months ended June 30, 2017 and therefore, were excluded from the dilutive per Unit calculation. Phantom Unit Rights are excluded from the dilutive per Unit calculation, as they are settled in cash.

13. INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

The outflows of net change in operating assets and liabilities are as follows:

	For the three months ended June 30, 2017	For the three months ended June 30, 2016	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Collateral deposits	$8,183	($59)	$217	($91)
Accounts receivable	(19,591)	(1,518)	(10,042)	(7,962)
Inventory	737	22,472	4,997	12,832
Income tax receivable	(1,310)	(819)	(2,713)	2,118
Other current financial assets	(1,716)	(713)	(1,263)	(243)
Other current assets	(9,238)	3,665	(9,419)	(365)
Other non-current assets	(556)	(224)	(922)	(338)
Trade and other payables	11,998	(28,853)	(9,159)	(23,717)
Income tax payable	—	—	(834)	—
Distributions payable	100	1,111	126	1,140
Other non-current liabilities	5,732	(1,808)	9,151	(5,063)
	($5,661)	($6,746)	($19,861)	($21,689)

14. INTANGIBLE ASSETS

	Computer Software	Customer Relationships	Non-Compete Agreements	Sales Network	Other Intangibles	Total
Cost						
Balance as at December 31, 2016	$18,364	$144,663	$1,503	$852	$675	$166,057
Additions	61	—	—	—	—	61
Additions from business combinations	432	663	—	—	—	1,095
Internally developed software	1,462	—	—	—	—	1,462
Disposals	(101)	(75,908)	(1,503)	—	(34)	(77,546)
Balance as at June 30, 2017	**$20,218**	**$69,418**	**$—**	**$852**	**$641**	**$91,129**
Accumulated amortization						
Balance as at December 31, 2016	($6,654)	($116,015)	($1,503)	($498)	($480)	($125,150)
Amortization	(2,939)	(28,139)	—	(142)	(90)	(31,310)
Disposals	57	75,958	1,503	2	—	77,520
Balance as at June 30, 2017	(9,536)	(68,196)	—	(638)	(570)	(78,940)
Net book value at June 30, 2017	**$10,682**	**$1,222**	**$—**	**$214**	**$71**	**$12,189**

In the three months ended March 31, 2017, the Trust reviewed the useful life of its intangible assets, and after considering customer retention and other key factors, it was determined that the useful lives of certain customer relationships decreased from its previously estimated rate. As such, the Trust adjusted the amortization periods for these intangibles. The effect of this change on amortization expense is as follows:

	Three months ended March 31, 2017	Three months ended June 30, 2017	Three months ended September 30, 2017	Three months ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2019
Increase (decrease) in amortization expense ...	$8,476	$4,945	($2,119)	($2,119)	($8,477)	($706)

In the three months ended March 31, 2016, the Trust reviewed the useful life of its intangible assets, and after considering customer retention and other key factors, it was determined that the useful lives of certain customer relationships decreased from its previously estimated rate. As such, the Trust adjusted the amortization periods for these intangibles. The effect of this change on amortization expense is as follows:

	Three months ended March 31, 2016	Three months ended June 30, 2016	Three months ended September 30, 2016	Three months ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2018
Increase (decrease) in amortization expense ...	$1,698	$1,698	$1,698	$1,698	($3,396)	($3,396)

15. LOANS RECEIVABLE

In June 2017, the Company entered into a loan agreement with VIM, whereby the Company has made available a credit facility of up to $4,000. The credit facility carries an annual interest rate of 12% and will be paid-in-kind based on an annual rate of 6%, with interest accruing monthly and increasing the balance of the credit facility. The remaining 6% interest will be deferred and paid, along with principal and accrued interest on the credit facility, on the May 12, 2019 due date. Upon closing, $2,461 due under the transition services agreement from VIM was converted to borrowings under the credit facility. As at June 30, 2017 and December 31, 2016, the loan receivable balances of $2,508 and $0, respectively, are included in other non-current assets on the interim condensed consolidated statements of financial position. However, based on Management's current understanding and assessment of VIM's ability to pay this credit facility, the amount was subsequently fully reserved.

In October 2015, the Company entered into a loan agreement with Big Sky Gas, whereby the Company has made available a credit facility of $800. Upon closing, the Company issued a 36-month convertible term loan in the amount of $500, with an annual interest rate of LIBOR + 10%. Interest will be paid on the convertible loan maturity date, and as such, accrues interest monthly and increases the balance of the loan. During 2016, Big Sky Gas borrowed an additional $300 under the revolving portion of the credit facility, with an annual interest rate of LIBOR + 15%. Principal and interest on the balances are due on October 29, 2018. As at June 30, 2017 and December 31, 2016, the loan receivable balances of $964 and $912, respectively, are included in other non-current assets on the interim condensed consolidated statements of financial position.

16. GOVERNMENT GRANTS

In January 2017, the CT DECD advanced a subordinated term loan to the Company in the amount of $8,000, at an annual interest rate of 2.0%. As a result of the below market interest rate of the loan, the Company recognised a government grant of $1,949, reflecting the benefit of the below market interest rate component. As this government grant relates to the purchase of certain property and equipment assets, it is recognised as income in equal amounts over the 116-month useful life of the related assets. In addition, the CT DECD granted the Company $100 to be used for employee training purposes. This training grant is recognised as income as the training expenses are incurred.

	Six months ended June 30, 2017
Grants at the beginning of the period	$—
Received during the period	2,049
Released to statement of comprehensive income	(84)
Grants at the end of the period	**$1,965**
Current portion of grant	$202
Non-current portion of grant	$1,763

17. UNIT-BASED COMPENSATION

Phantom Unit Rights Plan

Under the Trust's Phantom Unit Right Plan ("**PURP**"), phantom unit rights ("**PURs**") may be granted by the board of the Administrator, or an appointed committee thereof (the "**Plan Administrator**") to directors, officers, employees or direct or indirect service providers of the Company ("**Participants**"). The purpose of the PURP is to provide incentive compensation based on the appreciation in value of the Units and distributions payable in respect of these Units, thereby providing additional incentive for continued efforts in promoting the growth and success of the business and in attracting and retaining management personnel.

A PUR is a unit credited by means of an entry on the books of the Company to Participants, representing the right to receive a cash payment equal to the fair market value of a Unit on the vesting date. Grants will be calculated using the five-day volumetric weighted-average trading price of a Unit on the Toronto Stock Exchange ("**TSX**"). The vesting of PURs is determined by the Plan Administrator at the time of grant and a date on or before the date which is three calendar years following the date of grant, the Participants will receive (subject to applicable withholding taxes) for each PUR held, the cash equivalent of one Unit. The value of the Unit will be determined based upon the volumetric weighted-average trading price of a Unit on the TSX for the last five trading days prior to the vesting date. In addition, the Participants will be credited with additional PURs in respect of any distributions declared by the Trust on the Units that would have been paid to the Participants if the PURs in the Participants' account were outstanding during the relevant period ("**accrued distributions**"). Participants shall not have the right or be entitled to exercise any voting rights, receive distributions or have or being entitled to any other rights as a Unitholder of the Trust in respect to any PURs. PURs may only be settled with cash payments. The PURs vest between January 2018 and March 2022 and are being expensed ratably over this period.

The following schedule provides the continuity of the PURs:

	Number of Units
As at December 31, 2016	1,878,090
PURs issued	674,073
PURs accrued distributions	73,408
PURs settled	(625,974)
Forfeitures	(3,052)
As at June 30, 2017	**1,996,545**

During the six months ended June 30, 2017, 625,974 PURs settled. Except for the PURs that were settled, there are no vested PURs as at June 30, 2017. For the three months ended June 30, 2017 and 2016, unit-based compensation was $2,121 and $1,143, respectively. For the six months ended June 30, 2017 and 2016, unit-based compensation was $4,771 and $2,701, respectively. These amounts are included in the interim condensed consolidated statements of comprehensive (loss) income.

Deferred Trust Unit Plan

In January 2016, the Trust established the Deferred Trust Unit Plan ("**DTUP**") for non-executive Administrator Directors to enhance our ability to attract and retain high quality individuals to serve as members of our Board and to promote a greater alignment of interests between our outside Administrator Directors and our Unitholders.

A Deferred Trust Unit ("**DTU**") is a security, equivalent in value to a trust Unit, credited by means of a bookkeeping entry in our books, to an account in the name of the Administrator Director. Under the DTUP, non-executive Administrator Directors may receive a percentage of their annual fee in the form of DTUs. The number of DTUs to be credited to an Administrator Director's account in each year is calculated by dividing (a) the amount of the annual fee that the Administrator Director will receive in the form of DTUs, by (b) the market value of a Unit using the five-day trailing volumetric weighted-average price prior to the grant date. During the six months ended June 30, 2017, there were 34,865 DTUs issued. The number of DTUs issued to non-executive Administrator Directors cannot exceed 10% of the issued and outstanding Units of the Trust.

The following schedule provides the continuity of the DTUs:

	Number of Units
As at December 31, 2016	36,399
DTUs issued	34,865
DTUs accrued distributions	2,838
As at June 30, 2017	**74,102**

18. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial or operating decisions. The definition includes subsidiaries and other persons.

Subsidiaries

Certain transactions between the Trust and its subsidiaries meet the definition of related party transactions, including primarily intercompany notes and administrative service fees amongst its subsidiaries. These transactions are eliminated on consolidation and are not disclosed in these interim condensed financial statements.

19. BUSINESS SEGMENTS

Operating segments

For the three and six months ended June 30, 2017 and 2016, the Trust operated in a single operating segment and evaluates the performance of the business as a single segment.

Products

The following table summarizes the revenue by product recorded in the interim condensed consolidated statements of comprehensive (loss) income:

	For the three months ended June 30, 2017	For the three months ended June 30, 2016	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Electricity	$169,176	$161,642	$331,634	$325,906
Natural gas	4,381	4,112	17,429	17,315
Fee revenue	1,624	2,420	3,228	4,842
Solar	4,976	822	5,240	1,764
Total revenue	**$180,157**	**$168,996**	**$357,531**	**$349,827**

Geographic information

All of the Trust's revenues from external customers are from the United States of America. The Trust's assets are primarily located in the United States of America, with an immaterial amount located in Canada. The Trust does not have any key customers. For the three and six months ended June 30, 2017, the Trust primarily operated in five states (Connecticut, Massachusetts, New Jersey, Pennsylvania and Texas), each of which contributed more than 10% of total revenues. These five states in total comprised 74.3% and 72.2% of revenues, respectively. For the three and six months ended June 30, 2016, the Trust primarily operated in six states (Connecticut, Massachusetts, New Jersey, New York, Pennsylvania and Texas), each of which contributed more than 10% of total revenues. These six states in total comprised 79.5% and 80.5% of revenues, respectively.

20. COMMITMENTS AND CONTINGENCIES

Surety bonds

As at June 30, 2017 and December 31, 2016, the Trust had surety bonds outstanding of $18,727 and $18,772, respectively, to various state regulatory commissions and LDCs.

Contingent consideration liability

As at June 30, 2017 and December 31, 2016, the Company had a contingent consideration payable related to a settlement agreement with a former owner of TriEagle Energy, LP in the amount of $473 and $946, respectively. The amount of contingent consideration payable is based on an agreed upon percentage of gross margin relating to new or renewal business brought in over a two-year period commencing on June 21, 2016. This payable is included within trade and other payables in the interim condensed consolidated statements of financial position.

Operating leases

The Trust has entered into non-cancelable lease contracts for its office facilities. These leases have a leasing period of between two to ten years. If applicable, the Trust takes into account escalation clauses when determining the amount of future minimum lease payments. All future minimum lease payments are recognised on a straight-line basis over the minimum lease term. For the three and six months ended June 30, 2017, the Trust incurred rent expense under its operating leases of $369 and $726, respectively. For the three and six months ended June 30, 2016, rent expense under its operating leases of $392 and $643, respectively, was incurred. These amounts were included in the interim condensed consolidated statements of comprehensive (loss) income. Deferred rent liability associated with the operating lease is included within trade and other payables and other non-current liabilities in the interim condensed consolidated statements of financial position.

Financing leases

The Trust leases certain property and equipment under non-cancelable financing leases. These leases are measured at amortized cost using the effective interest rate method and are initially measured at fair value. A purchase option is provided at the end of the lease term and ranges in value from $1 to fair market value. For the three and six months ended June 30, 2017, depreciation expense under its financing leases of $87 and $164, respectively, was incurred by the Trust. For the three and six months ended June 30, 2016, depreciation expense under its financing leases of $91 and $183, respectively, was incurred. These amounts were included in the interim condensed consolidated statements of comprehensive (loss) income. The related lease liability is included within trade and other payables and other non-current liabilities on the interim condensed consolidated statements of financial position.

Renewable Energy Credits

The Company must obtain a certain percentage or amount of its power supply from renewable energy sources in order to meet the requirements of renewable portfolio standards in the states in which it operates. This requirement may be met by obtaining RECs that provide evidence that electricity has been generated by a qualifying renewable facility or resource. As at June 30, 2017, the Company had contractual commitments to purchase RECs of $43,023.

Regulatory proceedings, Litigation and other claims

The Company is an independent energy marketer of retail electricity, natural gas and solar products to residential and commercial customers across numerous markets. Market rules and regulations locally, regionally and state to state change periodically. These changes have and will likely continue to have an impact on the Company's business. Some changes may lead to new or enhanced business opportunities, while other changes may result in a negative impact on the Company's business. As such, there is no way to measure an exact effect through a cost-benefit analysis, because there are many variables. The regulatory process does allow for some participation, and the Company engages in that participation, however, such participation provides no assurance as to the outcome of such proceedings.

In addition, from time to time, the Company is involved in various consumer protection regulatory reviews and procedures, legal disputes and litigation arising in the ordinary course of business. In recent years, the Company has been named in several such regulatory proceedings. The Company regularly defends such proceedings and has successfully closed several such actions. Similarly, in recent years, retail energy providers have been named as defendants in industry-wide class action lawsuits relating to certain sales and marketing practices. The Company has been named as a defendant in several of such class actions lawsuits. The Company is vigorously defending these actions, and has successfully defeated several such actions.

Reserves are established for such legal and regulatory claims based upon the probability and estimability of losses and to fairly present, in conjunction with the disclosures of these matters in the Company's financial statements and Management's view of the Company's exposure. The Company continuously reviews outstanding claims with internal as well as external counsel to assess probability and estimates of loss. The risk of loss is reassessed as new information becomes available and any such reserves are adjusted, as appropriate. The actual cost of resolving a claim may be substantially higher, or lower, than the amount of the recorded reserve. During the six months ended June 30, 2017, in connection with the above-mentioned legal and regulatory matters, based on recent industry-wide and Company specific developments, the Company recorded a legal reserve for $13,000 and such charge was included in the interim condensed consolidated statements of comprehensive (loss) income for the six months ended June 30, 2017. The Company will continue to defend itself vigorously in these cases, and seek to resolve them in the manner Management believes is in the best interests of the Company.

21. APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed financial statements were authorized for issue on August 14, 2017 by the Board of Directors of the Administrator.

22. SUBSEQUENT EVENTS

In July 2017, the Trust completed the USG&E Acquisition. In connection with the closing of the USG&E Acquisition, the Subscription Receipts, issued pursuant to the 2017 Offering, including the Over-Allotment Option, were converted, on a one-for-one basis, into 12,908,175 Units following the satisfaction of the escrow release conditions, and additionally the Trust issued 3,847,870 Units to the selling stock holders of USG&E as partial consideration for the acquisition, which are subject to lock-up agreements of between 4 to 6 months, for a total equity issuance of 16,756,045 Units. The financial effect of this transaction has not been fully determined.

In July 2017, the Company acquired 100% of the equity interests in Big Sky Gas, a natural gas marketing business, based in Montana. The aggregate purchase price consisted of the conversion of the $500 principal amount of the convertible term loan outstanding with the Company for a 51% ownership interest in Big Sky Gas, exercise of warrants held by the Company for a further 30% ownership interest in Big Sky Gas and the purchase of the remaining 19% ownership interest for an earn-out, based on future profitability targets agreed between the parties. The principal due under the existing revolving credit facility, as well as the accrued and unpaid interest on both the revolving credit facility and convertible term loan were converted to an intercompany subordinated promissory note. The $457 balance of this subordinated promissory note matures on December 31, 2019. The financial effect of this transaction has not been fully determined.