MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis ("MD&A") is dated March 15, 2011 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2010 for a full understanding of the financial position and results of operations of Crescent Point Energy Corp.

STRUCTURE OF THE BUSINESS

On July 2, 2009, Crescent Point Energy Trust ("Crescent Point" or the "Trust") and Wild River Resources Ltd. ("Wild River") completed a plan of arrangement (the "Wild River Arrangement") whereby the Trust unitholders exchanged their trust units for common shares in Wild River on a one-to-one basis thereby effectively converting the Trust into a corporation. In addition, pursuant to the Wild River Arrangement, the shares of Wild River were consolidated on a 0.1512 for one basis prior to the exchange, the Board of Directors and management team of Wild River were replaced with Crescent Point's existing Board of Directors and management team, and Wild River changed its name to Crescent Point Energy Corp. ("Crescent Point" or the "Company"). As a result of the Wild River Arrangement, the Trust was dissolved and Crescent Point Energy Corp. received all of the assets and assumed all of the liabilities of the Trust.

After completion of the Wild River Arrangement, the former unitholders of the Trust owned approximately 97 percent of the Company and the former shareholders of Wild River owned approximately 3 percent. In accordance with Canadian generally accepted accounting principles ("GAAP"), the Wild River Arrangement was accounted for as a reverse take-over, whereby the Trust was deemed to be the acquirer of Wild River. The consolidated financial statements have been prepared on a continuity of interest basis, which recognizes Crescent Point Energy Corp. as the successor entity to the Trust. As a result, in this MD&A, Crescent Point refers to common shares, shareholders and dividends which, prior to July 2, 2009, were referred to as units, unitholders and distributions under the trust structure. Comparative amounts include the results of the Trust.

The principal undertakings of the Company are to carry on the business of acquiring and holding interests in petroleum and natural gas properties and assets related thereto through a general partnership and wholly owned subsidiaries. Amounts reported in this report are in Canadian dollars unless noted otherwise; United States ("US") dollars are denoted as "US$".

Non-GAAP Financial Measures

Throughout this discussion and analysis, the Company uses the terms "funds flow from operations", "funds flow from operations per share", "funds flow from operations per share–diluted", "net debt", "netback", "operating netback", "market capitalization" and "total capitalization". These terms do not have any standardized meaning as prescribed by Canadian GAAP and, therefore, may not be comparable with the calculation of similar measures presented by other issuers.

Funds flow from operations is calculated based on cash flow from operating activities before changes in non–cash working capital, transaction costs and asset retirement obligation expenditures. Funds flow from operations per share and funds flow from operations per share – diluted are calculated based on cash flow from operating activities before changes in non-cash working capital, transaction costs and asset retirement obligation expenditures. Management utilizes funds flow from operations as a key measure to assess the ability of the Company to finance dividends, operating activities, capital expenditures and debt repayments. Funds flow from operations as presented is not intended to represent cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with Canadian GAAP.

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

($000)	**2010**	2009	% Change
Cash flow from operating activities	**816,454**	652,028	25
Changes in non-cash working capital	**54,349**	19,030	186
Transaction costs	**9,311**	-	-
Asset retirement expenditures	**2,748**	1,837	50
Funds flow from operations	**882,862**	672,895	31

Net debt is calculated as current liabilities plus long-term debt less current assets and long term investments but excludes risk management assets, risk management liabilities and unrealized foreign exchange on translation of US dollar senior guaranteed notes. Management utilizes net debt as a key measure to assess the liquidity of the Company.

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

($000)	**2010**	2009	% Change
Long-term debt	**1,006,451**	519,127	94
Current liabilities	**449,931**	253,485	77
Current assets	**(212,670)**	(153,515)	39
Long-term investments	**(62,164)**	(229,755)	(73)
Excludes:			
Risk management asset	**7,087**	1,675	323
Risk management liability	**(78,707)**	(20,080)	292
Unrealized foreign exchange on translation of US dollar senior guaranteed notes	**6,535**	-	-
Net debt	**1,116,463**	370,937	201

Netback is calculated on a per boe basis as oil and gas sales, less royalties, operating and transportation expenses and realized derivative gains and losses including derivative crystallizations. Operating netback is calculated as netback excluding gains and losses arising from derivative crystallizations. Operating netback and netback are used by management to measure operating results on a per boe basis to better analyze performance against prior periods on a comparable basis.

Market capitalization is calculated by applying the period end closing share trading price to the number of shares outstanding. Market capitalization is an indication of enterprise value.

Total capitalization is calculated as market capitalization plus current liabilities and long-term debt, less current assets and long term investments, but excludes risk management assets, risk management liabilities and unrealized foreign exchange on translation of US dollar senior guaranteed notes. Total capitalization is used by management to assess the amount of debt leverage used in the Company's capital structure.

Results of Operations

Production

	2010	2009	% Change
Crude oil and NGL (bbls/d)	**55,070**	39,749	39
Natural gas (mcf/d)	**39,318**	30,802	28
Total (boe/d)	**61,623**	44,883	37
Crude oil and NGL (%)	**89**	89	-
Natural gas (%)	**11**	11	-
Total (%)	**100**	100	-

Production increased 37 percent year over year, to 61,623 boe/d in 2010 from 44,883 boe/d in 2009, primarily due to 2009 and 2010 acquisitions and the Company's successful drilling and fracture stimulation programs, partially offset by natural declines.

On January 15, 2010, Crescent Point completed the acquisition of assets in southwest Saskatchewan from Penn West Energy Trust ("Penn West") which added approximately 2,900 boe/d of high quality production, net of production associated with non-core properties exchanged as partial consideration.

On July 2, 2010, Crescent Point completed the acquisition of Shelter Bay Energy Inc. ("Shelter Bay") which added more than 7,400 boe/d of production, 97 percent of which was from the southeast Saskatchewan Viewfield Bakken oil resource play and the southwest Saskatchewan Lower Shaunavon oil resource play.

On July 5, 2010, Crescent Point completed the acquisition of a private oil and gas company ("Private Company") which added approximately 900 boe/d of low-decline conventional production, focused primarily in southern Alberta.

On November 5, 2010, Crescent Point completed the acquisition of certain assets in southeast Saskatchewan which added approximately 950 boe/d of high-quality, low-decline production.

Crescent Point's successful drilling program also contributed to the increase in production. During 2010, the Company drilled 406 (302.2 net) wells focused primarily in the Viewfield Bakken resource play in southeast Saskatchewan and the Shaunavon resource play in southwest Saskatchewan.

The Company's weighting to oil at 89 percent in 2010 remained consistent with the comparative period.

Marketing and Prices

Average Selling Prices [1]	**2010**	2009	% Change
Crude oil and NGL ($/bbl)	**73.46**	64.49	14
Natural gas ($/mcf)	**4.12**	4.11	-
Total ($/boe)	**68.28**	59.93	14

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

Benchmark Pricing	**2010**	2009	% Change
WTI crude oil (US$/bbl)	**79.55**	61.93	28
WTI crude oil (Cdn$/bbl)	**82.01**	70.38	17
AECO natural gas [1] (Cdn$/mcf)	**4.00**	3.96	1
Exchange rate – US$/Cdn$	**0.97**	0.88	10

(1) The AECO natural gas price reported is the average daily spot price.

For the year ended December 31, 2010, the Company's average selling price for oil increased by 14 percent from 2009 primarily as a result of the 28 percent increase in the US$ WTI benchmark, partially offset by a stronger Canadian dollar and increased market differentials for its Canadian light and medium crude. The Company's oil differential for the year ended December 31, 2010 was $8.55 per bbl, or 10 percent, compared to $5.89 per bbl or 8 percent in 2009. Market differentials for Canadian crude streams, including light and medium crudes, were negatively impacted by operational issues experienced by Enbridge Pipeline, the main pipeline that delivers western Canadian crude to eastern Canada and US refineries.

The Company's average selling price for gas of $4.12 per mcf for the year ended December 31, 2010 remained consistent with 2009 average selling price and the benchmark AECO daily gas price. The variation in the Company's gas price compared to the AECO daily price reflects the Company's portfolio of gas marketing contracts, the proximity of the Company's gas assets relative to the markets, and the premium received for a portion of the Company's high heat value gas production.

Derivatives and Risk Management

The following is a summary of the realized derivative gain (loss) on oil and gas contracts:

($000, except volume amounts)	**2010**	2009	% Change
Average crude oil volumes hedged (bbls/d)	**24,476**	17,633	39
Crude oil realized derivative gain (loss)	**(1,065)**	49,478	(102)
per bbl	**(0.05)**	3.41	(101)
Average natural gas volumes hedged (GJ/d) (1)	**8,847**	3,684	140
Natural gas realized derivative gain	**6,583**	3,149	109
per mcf	**0.46**	0.28	64
Average barrels of oil equivalent hedged (boe/d)	**25,874**	18,215	42
Operating realized derivative gain	**5,518**	52,627	(90)
per boe	**0.25**	3.21	(92)
Derivative crystallization gain	**-**	72,513	(100)
per boe	**-**	4.43	(100)
Total realized derivative gain	**5,518**	125,140	(96)
per boe	**0.25**	7.64	(97)

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

Management of cash flow variability is an integral component of Crescent Point's business strategy. Changing business conditions are monitored regularly and reviewed with the Board of Directors to establish risk management guidelines used by management in carrying out the Company's strategic risk management program. The risk exposure inherent in movements in the price of crude oil and natural gas, fluctuations in the US/Cdn dollar exchange rate, changes in the price of power and interest rate movements on long-term debt are all proactively managed by Crescent Point through the use of derivatives with investment grade counterparties. The Company considers these derivative contracts to be an effective means to manage cash flow.

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

The Company recorded a total realized derivative gain of $5.5 million for the year ended December 31, 2010 compared to $125.1 million in 2009. The total derivative gain in 2009 consists of an operating realized derivative gain of $52.6 million and a $72.5 million realized derivative gain resulting from the derivative reset program which is discussed below.

The Company's operating realized derivative loss for oil was $1.1 million for the year ended December 31, 2010, compared to a gain of $49.5 million in 2009. The loss is largely attributable to the increase in the Cdn$ WTI benchmark price over 2009, partially offset by an increase in the Company's average hedge price. During the year ended December 31, 2010, the Cdn$ WTI benchmark price increased by 17 percent, while the Company's average derivative oil price increased by 5 percent or $3.82 per barrel, from $78.07 per barrel in 2009 to $81.89 per barrel in 2010.

Crescent's Point's operating realized derivative gain for gas was $6.6 million for the year ended December 31, 2010, compared to $3.1 million for 2009. The increased realized gain is primarily attributable to the Company entering into additional gas contracts as a result of increased production volumes, partially offset by a decrease in the Company's average derivative gas price from $6.09 per GJ in 2009 to $5.83 per GJ in 2010.

The Company's gain in the year ended December 31, 2009 pursuant to its derivative mark to market crystallization and reset program ("derivative crystallization") announced March 4, 2009 was $72.5 million. The Company crystallized a portion of its forward market gains on swaps and collars for 2010, 2011 and 2012 and reset the hedges using swaps at then current market prices.

The Company has not designated any of its risk management activities as accounting hedges under the Canadian Institute of Chartered Accountants (the "CICA") Section 3855 and, accordingly, has marked to market its derivatives.

The Company's unrealized derivative loss for the year ended December 31, 2010 was $96.3 million compared to $228.3 million in 2009. The majority of the unrealized derivative loss in the year ended December 31, 2010 is attributable to the increase in the Cdn$ WTI forward benchmark price at December 31, 2010 compared to December 31, 2009. The remaining unrealized loss in 2010 includes a $10.1 million loss relating to the Company's Cross Currency Interest Rate Swaps ("CCIRS") entered into in conjunction with the issuance of the US senior guaranteed notes on March 24, 2010; this loss is primarily attributable to a strengthening in the Canadian dollar forward exchange rate relative to the US dollar at December 31, 2010 as compared to March 24, 2010. The unrealized derivative loss on commodities for the year ended December 31, 2009 is primarily the result of the increase in Cdn$ WTI benchmark price at December 31, 2009 as compared to December 31, 2008 combined with the maturity and crystallization during 2009 of in the money derivative contracts.

Revenues

($000) [1]	**2010**	2009	% Change
Crude oil and NGL sales	**1,476,607**	935,621	58
Natural gas sales	**59,157**	46,244	28
Revenues	**1,535,764**	981,865	56

(1) Revenue is reported before transportation charges and realized derivatives.

Crude oil and NGL sales increased 58 percent in the year ended December 31, 2010 compared to 2009. The increase is primarily due to the 39 percent increase in production and 14 percent increase in realized prices. The increased production in 2010 is due to the acquisitions completed in 2009 and 2010 and the Company's successful drilling program. The increase in realized prices is largely a result of the increase in US$ WTI benchmark price as compared to 2009, partially offset by a stronger Canadian dollar and widening differentials.

Natural gas sales increased 28 percent in the year ended December 31, 2010 compared to 2009, consistent with the increase in natural gas production. The increased production in 2010 is primarily due to successful drilling in Viewfield and gas production acquired through capital acquisitions.

Transportation Expenses

($000, except per boe amounts)	**2010**	2009	% Change
Transportation expenses	**37,120**	24,296	53
Per boe	**1.65**	1.48	11

Transportation expense per boe increased 11 percent in the year ended December 31, 2010 compared to 2009. The increase is primarily due to increased production volumes in the Shaunavon area as well as increased trucking costs incurred to manage pipeline issues on Enbridge Pipeline. Crescent Point expects transportation costs per boe to increase by 30 to 40 percent in 2011 due to increased tolls on the Enbridge Saskatchewan pipeline gathering system. The increased tolls are a result of several projects recently completed by Enbridge Saskatchewan to increase system capacity to accommodate growing production in the area.

Royalty Expenses

($000, except % and per boe amounts)	**2010**	2009	% Change
Royalties	**255,101**	172,609	48
As a % of oil and gas sales	**17%**	18%	(1)
Per boe	**11.34**	10.54	8

Royalties increased by 48 percent in the year ended December 31, 2010 compared to 2009. This increase is largely due to the 56 percent increase in revenues. Royalties as a percentage of sales decreased 1 percent primarily due to royalty holidays associated with new wells drilled in Saskatchewan. In 2010, 292.7 net wells were drilled in Saskatchewan.

Operating Expenses

($000, except per boe amounts)	**2010**	2009	% Change
Operating expenses	**247,989**	146,182	70
Per boe	**11.03**	8.92	24

Operating expenses per boe increased 24 percent in the year ended December 31, 2010 compared to 2009. This increase is due to the operating cost structure associated with the Company's growing production from the Shaunavon resource play. In addition, poor weather conditions in southern Saskatchewan resulted in increased road maintenance and well servicing and increased emulsion trucking costs. Operating costs per boe in the Shaunavon resource play are expected to decrease as the Company's infrastructure in the area grows.

Netbacks

	2010			2009	
	Crude Oil and NGL ($/bbl)	**Natural Gas ($/mcf)**	**Total ($/boe)**	Total ($/boe)	% Change
Average selling price	**73.46**	**4.12**	**68.28**	59.93	14
Royalties	**(12.42)**	**(0.38)**	**(11.34)**	(10.54)	8
Operating expenses	**(11.43)**	**(1.27)**	**(11.03)**	(8.92)	24
Transportation	**(1.65)**	**(0.28)**	**(1.65)**	(1.48)	11
Netback prior to realized derivatives	**47.96**	**2.19**	**44.26**	38.99	14
Realized gain (loss) on derivatives	**(0.05)**	**0.46**	**0.25**	3.21	(92)
Operating netback	**47.91**	**2.65**	**44.51**	42.20	5
Realized gain (loss) on derivative crystallization	**-**	**-**	**-**	4.43	(100)
Netback	**47.91**	**2.65**	**44.51**	46.63	(5)

The Company's operating netback for the year ended December 31, 2010 increased 5 percent to $44.51 per boe from $42.20 per boe in 2009. The increase in the Company's operating netback is primarily a result of an increase in the average selling price related to the increase in the $Cdn WTI benchmark price, partially offset by a decrease in the realized derivative gain and increases in royalties, operating and transportation expenses.

In the year ended December 31, 2009, the Company recorded a realized derivative gain on crystallization of various oil contracts of $72.5 million or $4.43 per boe.

General and Administrative Expenses

($000, except per boe amounts)	**2010**	2009	% Change
General and administrative costs	**52,366**	45,739	14
Capitalized	**(11,515)**	(9,395)	23
Total general and administrative expenses	**40,851**	36,344	12
Transaction costs	**(9,311)**	-	-
Recovery of (provision for) uncollectible amounts from SemCanada	**1,424**	(10,136)	(114)
General and administrative expenses	**32,964**	26,208	26
Per boe	**1.47**	1.60	(8)

General and administrative expenses increased 26 percent in 2010 compared to 2009. This increase is primarily due to increased employee costs and office rent as a result of the Company's growth, partially offset by increased costs incurred in 2009 related to the corporate conversion.

Transaction costs incurred in 2010 relate to the assets acquired from Penn West, acquisitions of Shelter Bay, Private Company and Ryland Oil Corporation ("Ryland"), and the advisory costs incurred on the issuance of the senior guaranteed notes. As a result of adopting CICA Handbook Section 1582 "Business Combinations" effective January 1, 2010, the Company records related transaction costs as general and administrative expenses.

Restricted Share Bonus Plan

Stock-based Compensation Expense ($000, except per boe amounts)	**2010**	2009	% Change
Stock-based compensation costs	**88,125**	47,721	85
Capitalized	**(22,463)**	(2,697)	733
Stock-based compensation expense	**65,662**	45,024	46
Per boe	**2.92**	2.75	6

The Company has a Restricted Share Bonus Plan. Under the terms of this plan, the Company may grant restricted shares to directors, officers, employees and consultants. Restricted shares vest at 33⅓ percent on each of the first, second and third anniversaries of the grant date or at a date approved by the Board of Directors.

Restricted shares have also been granted pursuant to the Company's Special Performance Award and Annual Performance Awards ("APA"). The amounts and vesting profile of these awards are at the discretion of the Board of Directors. Restricted shares granted in January 2011 for the APA vested at 25 percent immediately, which was recorded in the fourth quarter of 2010.

Restricted shareholders are eligible for monthly dividends immediately upon grant.

Under the Restricted Share Bonus Plan, the Company is authorized to issue up to 11,000,000 shares. The Company had 3,980,024 restricted shares outstanding at December 31, 2010 compared with 2,308,844 restricted shares outstanding at December 31, 2009. The increase is primarily due to the restricted shares granted in January 2010 pursuant to the APA.

During the year ended December 31, 2010, the Company recorded stock-based compensation costs of $88.1 million, based on the fair value of the shares on the date of grant, an increase of 85 percent over 2009. This increase is due to the increased number of employees and the APA restricted shares awarded to employees in January 2010 and January 2011.

The Company capitalized $22.5 million of stock-based compensation in the year ended December 31, 2010, compared to $2.7 million in 2009. The increase in capitalized stock-based compensation is due to the same reasons discussed above.

Interest Expense

($000, except per boe amounts)	**2010**	2009	% Change
Interest expense	**59,244**	35,134	69
Per boe	**2.63**	2.14	23

Interest expense increased 69 percent in the year ended December 31, 2010 compared to 2009. This increase is largely attributable to a higher average debt balance resulting from the Company's development capital and capital acquisition expenditures and to higher average interest rates on floating rate debt, partially offset by the impact of the 2009 and 2010 equity financings.

Crescent Point actively manages exposure to fluctuations in interest rates through interest rate swaps, short term banker's acceptances and the issuance of fixed rate senior guaranteed notes; refer to Derivatives and Risk Management section above.

Depletion, Depreciation and Amortization

($000, except per boe amounts)	**2010**	2009	% Change
Depletion, depreciation and amortization	**716,789**	423,114	69
Per boe	**31.87**	25.83	23

The depletion, depreciation and amortization ("DD&A") rate increased by 23 percent to $31.87 per boe for the year ended December 31, 2010 from $25.83 per boe in 2009. The increased DD&A rate was the result of the Company's capital acquisitions completed in 2009 and 2010.

Taxes

($000)	**2010**	2009	% Change
Capital and other tax expense	**27,409**	16,034	71
Future income tax expense	**7,854**	16,557	(53)

Capital and Other Tax Expense

In 2010, capital and other tax expense, which consists primarily of Saskatchewan Corporation Capital Tax Resource Surcharge, increased 71 compared to 2009. This increase is due to the increase in the Company's Saskatchewan-based revenue as a result of acquisitions completed during 2009 and 2010, the Company's development drilling program and an increase in the Company's realized oil price.

Future Income Tax Expense

In 2010, the Company reported future tax expense of $7.9 million as compared to $16.6 million in 2009. The decrease in future tax expense over the prior year relates primarily to the conversion from an income trust to a corporation in the third quarter of 2009. This restructuring resulted in the recognition of a larger future tax liability in the third quarter of 2009, and therefore a higher future income tax expense in 2009 as compared to 2010.

Foreign Exchange

($000)	**2010**	2009	% Change
Realized			
Foreign exchange gain (loss)	**71**	(6)	1,283
Unrealized			
Foreign exchange gain on translation of US dollar senior guaranteed notes	**6,535**	**-**	**-**
Other foreign exchange loss	**(88)**	**-**	**-**
Foreign exchange gain (loss)	**6,518**	(6)	108,733

On March 24, 2010, the Company closed a private offering of senior guaranteed notes raising gross proceeds of US$260.0 million and Cdn$50.0 million. The Company records unrealized foreign exchange gains or losses on the revaluation of the US denominated senior guaranteed notes and related accrued interest. During the year ended December 31, 2010, the Company recorded an unrealized foreign exchange gain on translation of US dollar senior guaranteed notes of $6.5 million due to the strengthening of the Canadian dollar relative to the US dollar during the period.

Funds Flow, Cash Flow and Net Income (Loss)

($000, except per share amounts)	**2010**	2009	% Change
Funds flow from operations	**882,862**	672,895	31
Funds flow from operations per share – diluted	**3.70**	4.15	(11)
Cash flow from operating activities	**816,454**	652,028	25
Cash flow from operating activities per share – diluted	**3.42**	4.02	(15)
Net income (loss)	**20,021**	(31,075)	164
Net income (loss) per share – diluted	**0.08**	(0.19)	142

For the year ended December 31, 2010, funds flow from operations increased to $882.9 from $672.9 million in 2009 and decreased to $3.70 per share – diluted from $4.15 per share – diluted. The increase in funds flow from operations is primarily the result of increases in production volumes and the operating netback. Production volumes increased due to 2009 and 2010 acquisitions and the Company's successful drilling and fracture stimulation programs. The operating netback increased as a result of the higher average selling price related to the increase in the $Cdn WTI benchmark price, partially offset by a decrease in the realized derivative gain and increases in royalties, operating and transportation expenses. Funds flow from operations per share – diluted was impacted by the June 2010 and October 2010 equity offerings, however, the proceeds provided funding for future cash flow growth from the Company's drilling, development and acquisition programs. The funds flow from operations in the year ended December 31, 2009 includes a $72.5 million realized derivative gain on crystallization of various oil contracts; excluding this realized crystallization gain, funds flow from operations for the year ending December 31, 2009 was $3.70 per share – diluted.

For the year ended December 31, 2010, cash flow from operating activities increased 25 percent to $816.5 million, compared to $652.0 million in 2009, for the same reasons as discussed above, as well as fluctuations in working capital. Cash flow from operating activities per share – diluted decreased 15 percent to $3.42 per share – diluted in year ended December 31, 2010 for the same reasons discussed above.

The Company recorded net income of $20.0 million for the year ended December 31, 2010, compared to a net loss of $31.1 million in 2009, primarily as a result of the increase in funds flow from operations and a decrease in the unrealized derivative loss recorded in 2010 compared to 2009, partially offset by an increase in DD&A.

As noted in the Derivatives and Risk Management section, the Company has not designated any of its risk management activities as accounting hedges under the CICA Handbook Section 3855 and, accordingly, has marked to market its derivatives and records the result to the statement of operations.

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

The CICA Handbook Section 3855 "Financial Instruments – Recognition and Measurement", gives guidelines for mark to market accounting for financial derivatives. Financial derivatives that have not settled during the current quarter are marked to market. The change in mark to market from the previous quarter represents a gain or loss that is recorded in the statement of operations. As such, if benchmark oil and natural gas prices rise during the quarter, the Company records a loss based on the change in price multiplied by the volume of oil and natural gas hedged. If prices fall during the quarter, the Company records a gain. The prices used to record the actual gain or loss are subject to an adjustment for volatility, then the resulting gain (asset) or loss (liability) is discounted to a present value using a risk-free rate adjusted for counterparty risk.

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

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

Dividends

The following table provides a reconciliation of dividends:

($000,except per share amounts)	**2010**	2009	% Change
Accumulated dividends, beginning of year	**1,313,689**	860,371	53
Dividends declared to shareholders	**657,520**	453,318	45
Accumulated dividends, end of year	**1,971,209**	1,313,689	50
Accumulated dividends per share, beginning of year	**15.03**	12.27	22
Dividends to shareholders per share	**2.76**	2.76	**-**
Accumulated dividends per share, end of year	**17.79**	15.03	18

The Company maintained monthly dividends of $0.23 per share during 2010.

Dividends increased 45 percent in the year ended December 31, 2010 compared to 2009. The increase in dividends relates to an increase in the number of shares outstanding resulting from the Wild River, Gibraltar Exploration Ltd., Wave Energy Ltd. and TriAxon Resources Ltd. ("TriAxon") acquisitions in 2009, the Shelter Bay, Private Company and Ryland acquisitions in 2010, the bought deal financings which closed in September and November 2009, June and October 2010 and the Dividend Reinvestment Plan ("DRIP") program, whereby the Company issues shares to shareholders in lieu of cash dividends.

Crescent Point believes it is well positioned to maintain monthly dividends as the Company continues to exploit and develop its resource plays. Crescent Point's risk management strategy minimizes exposure to commodity price volatility and provides a measure of sustainability to dividends through periods of fluctuating market prices.

Cash dividends paid with respect to record dates from January 31, 2010 to December 31, 2010 were designated as "eligible dividends" for Canadian tax purposes.

Investments in Marketable Securities

In the fourth quarter of 2007, Crescent Point received 1.5 million shares of a publicly traded exploration and production company for $1.00 per share or $1.5 million in connection with a disposition of properties. The investment is classified as held-for-trading and is marked to market with the resulting gain or loss recorded in the statement of operations. The Company continues to hold these shares and recorded an unrealized loss of $0.2 million in the year ended December 31, 2010, compared to an unrealized gain of $0.6 million in 2009.

Long-Term Investments

Reliable Energy Ltd.

In October 2009, the Company purchased 32.2 million common shares in Reliable Energy Ltd. The investment is classified as held-for-trading and is marked to market with the resulting gain or loss recorded in the statement of operations. The investment is recorded at fair value which is $6.1 million more than the original cost of the investment.

Painted Pony Petroleum Ltd.

In conjunction with the acquisition of Shelter Bay, the Company acquired 5.9 million common shares of Painted Pony Petroleum Ltd. ("Painted Pony"), a publicly traded oil and gas corporation. The investment is classified as held-for-trading and is marked to market with the resulting gain or loss recorded in the statement of operations. The investment is recorded at fair value which is $14.6 million more than the Company's cost of the investment.

Subsequent Event

In January 2011, the Company disposed of its investment in Painted Pony for proceeds of $54.5 million, resulting in a realized gain of $17.9 million.

Related Party Transactions

All related party transactions described below were recorded at the exchange amount.

Shelter Bay

On July 2, 2010, Crescent Point closed the acquisition of Shelter Bay by way of plan of arrangement (the "Shelter Bay Arrangement"). Prior to the Shelter Bay Arrangement, Crescent Point's investment in Shelter Bay of $200.4 million consisted of 173.9 million Class A Common Shares, representing an interest of 21 percent, plus accumulated equity earnings of $6.6 million.

The following related party transactions occurred in 2010 between Crescent Point and Shelter Bay prior to the Shelter Bay Arrangement on July 2, 2010:

- *Management and Technical Services Agreement* – Crescent Point entered into a Management and Technical Services Agreement with Shelter Bay, effective January 11, 2008 through December 31, 2012, with both early termination and extension provisions. Crescent Point was responsible for managing, administering and operating the assets and business of Shelter Bay. The services were provided in exchange for a monthly management fee. The Company billed management fees to Shelter Bay of $2.3 million in 2010 prior to the Shelter Bay Arrangement (2009 - $4.4 million).
- *Farm-Out Agreement* – Effective January 11, 2008, Crescent Point entered into a farm-out agreement with Shelter Bay. Under the agreement, Shelter Bay had the right to farm-in on 22 net sections of Viewfield Bakken lands owned by the Company. Shelter Bay was responsible for paying 100 percent of the capital costs and earned a 50 percent interest in production from the property, while the Company retained the other 50 percent production interest. In 2010, prior to the Shelter Bay Arrangement, Shelter Bay drilled 8 gross wells on lands farmed out by the Company.
- *Amounts Owing From / Due To* – All amounts owing to / from Shelter Bay were settled in conjunction with closing the Shelter Bay Arrangement on July 2, 2010 (December 31, 2009 - $0.1 million receivable).

Other

During 2010, Crescent Point recorded $1.7 million (2009 - $2.0 million) of legal fees in the normal course of business to a law firm of which a partner is also a director of the Company and a second partner is the Company's Corporate Secretary.

Capital Expenditures

Corporate Acquisitions

Shelter Bay

On July 2, 2010, Crescent Point completed the acquisition, by way of plan of arrangement, of all remaining issued and outstanding common shares of Shelter Bay, a private oil and gas company with properties contiguous with Crescent Point's existing core areas in southern Saskatchewan. Total consideration of approximately $1.2 billion included the issuance of approximately 24.4 million shares, assumed long-term debt, working capital, long-term investment and the historical cost of Crescent Point's previously held equity investment of $200.4 million ($1.2 billion was allocated to property, plant and equipment). The goodwill recognized on acquisition is attributed to the expected future cash flows derived from unbooked possible reserves. The business combination was accounted for using the acquisition method of accounting.

Private Company

On July 5, 2010, Crescent Point completed the acquisition, by way of plan of arrangement, of all issued and outstanding common shares of Private Company, which had exploratory land in southern Alberta prospective for multi-zone light oil opportunities. Total consideration of approximately $95.6 million included the issuance of approximately 0.7 million shares, assumed long-term debt and working capital ($105.1 million was allocated to property, plant and equipment). The business combination was accounted for using the acquisition method of accounting.

Ryland Oil Corp.

On August 20, 2010, Crescent Point completed the acquisition, by way of plan of arrangement, of all remaining issued and outstanding common shares of Ryland, a public oil and gas company with properties primarily located in Crescent Point's Flat Lake area in southeastern Saskatchewan and in North Dakota. Total consideration of approximately $116.3 million included the issuance of approximately 2.2 million shares, assumed long-term debt, working capital and the historical cost of Crescent Point's previously held equity investment of $7.6 million ($122.0 million was allocated to property, plant and equipment). The business combination was accounted for using the acquisition method of accounting.

Major Property Acquisitions and Dispositions

Penn West Assets

On January 15, 2010, Crescent Point completed the acquisition of certain assets in southwest Saskatchewan from Penn West. Total consideration paid included Crescent Point's 100 percent working interest in the Pembina Cardium play acquired through the Company's arrangement with TriAxon, a 50 percent working interest in Crescent Point's Dodsland Viking play and $440.1 million cash including closing adjustments. The net addition recorded to property, plant and equipment was $443.6 million.

Southeast Saskatchewan Assets

On January 25, 2010, Crescent Point completed the acquisition of assets in southeast Saskatchewan for cash consideration of approximately $28.7 million ($30.7 million was allocated to property, plant and equipment).

On November 5, 2010, Crescent Point completed the acquisition of assets in southeast Saskatchewan for cash consideration, including closing adjustments, of approximately $87.3 million ($93.3 million was allocated to property, plant and equipment).

Southwest Saskatchewan Assets

On March 23, 2010, Crescent Point completed the acquisition of assets in southwest Saskatchewan for cash consideration of approximately $67.7 million ($68.4 million was allocated to property, plant and equipment).

Minor Acquisitions, Dispositions and Purchase Price Adjustments

Minor property acquisitions, dispositions and purchase price adjustments during the year ended December 31, 2010 amounted to additions to property, plant and equipment of $11.4 million ($14.7 million was allocated to property, plant and equipment).

Development Capital

($000)	**2010**	2009	% Change
Capital acquisitions (net) [1]	**2,077,733**	2,078,521	**-**
Development capital expenditures	**958,606**	339,916	182
Capitalized administration [2]	**11,515**	12,093	(5)
Office equipment	**1,547**	5,867	(74)
Total	**3,049,401**	2,436,397	25

(1) Capital acquisitions represent total consideration for the transactions including net debt and, commencing January 1, 2010, excluding transaction costs.

(2) Capitalized administration excludes capitalized stock-based compensation and related future income taxes.

The Company's development capital expenditures for the year ended December 31, 2010 were $958.6 million, compared to $339.9 million in 2009. In 2010, 406 (302.2 net) wells were drilled with a success rate of 99 percent. The development capital for the year ended December 31, 2010 included $355.6 million on facilities, land and seismic.

Crescent Point's budgeted capital program for 2011 is approximately $800 million, not including acquisitions. The Company searches for acquisition opportunities that align with strategic parameters and evaluates each prospect on a case-by-case basis.

Goodwill

The goodwill balance as at December 31, 2010 was $204.8 million compared to $100.3 million as at December 31, 2009. The increase of $104.5 million is attributable to the acquisition of Shelter Bay completed in July 2010. The remainder of the goodwill balance is attributable to the corporate acquisitions of TriAxon, Tappit Resources Ltd., Capio Petroleum Corporation and Bulldog Energy Inc. during the period 2003 through 2009.

Reclamation Fund

Crescent Point established a reclamation fund for future asset retirement obligation costs and environmental emissions reduction costs. The Company currently contributes $0.45 per produced boe to the fund, of which $0.15 per boe is for future asset retirement obligation costs and $0.30 per boe is for environmental emissions reduction costs.

The reclamation fund decreased by $0.4 million during 2010 due to expenditures of $9.8 million, partially offset by contributions of $9.4 million. The expenditures of $9.8 million pertained primarily to environmental work completed in southeast Saskatchewan.

Asset Retirement Obligation

The asset retirement obligation increased by $55.9 million during 2010 from $139.4 million in 2009 to $195.3 million in 2010. This increase relates to liabilities of $25.9 million as a result of capital acquisitions, $9.9 million recorded in respect of drilling, $10.6 million recorded relating to changes in estimates pertaining to reserve lives, and accretion expense of $12.3 million, partially offset by $2.7 million for liabilities settled and $0.1 million relating to capital dispositions.

Liquidity and Capital Resources

Capitalization Table ($000, except share, per share and percent amounts)	**December 31, 2010**	December 31, 2009
Net debt	**1,116,463**	370,937
Shares outstanding [(1)]	**266,911,154**	209,389,932
Market price at end of period (per share)	**44.19**	39.49
Market capitalization	**11,794,804**	8,268,808
Total capitalization	**12,911,267**	8,639,745
Net debt as a percentage of total capitalization	**9%**	4%
Annual funds flow from operations	**882,862**	672,895
Net debt to funds flow from operations [(2)]	**1.3**	0.6

(1) Common shares outstanding balance at December 31, 2010 includes 825,763 common shares issued on January 17, 2011 pursuant to the DRIP program.

(2) The net debt reflects the financing of acquisitions, however the funds flow from operations only reflects funds flow from operations generated from the acquired properties since the closing dates of the acquisitions.

The Company's net debt includes bank credit facilities, senior guaranteed notes and working capital (deficit), long-term investments and excludes risks management assets and liabilities.

The Company has a syndicated credit facility with twelve banks and an operating credit facility with one Canadian chartered bank totaling $1.6 billion. As at December 31, 2010, the Company had approximately $700 million drawn on bank credit facilities, leaving unutilized borrowing capacity of approximately $900 million.

On March 24, 2010, the Company closed a private offering of senior guaranteed notes raising gross proceeds of US$260.0 million and Cdn$50.0 million. These notes rank *pari passu* with the Company's bank credit facilities and are unsecured with terms of maturity from 5 to 10 years. Concurrent with the issuance of the US$260.0 million senior guaranteed notes, the Company entered into CCIRS with a syndicate of financial institutions. Under the terms of the CCIRS, the amount of the US notes was fixed for purposes of interest and principal repayments at a notional amount of Cdn$265.5 million. The US and Canadian notes have a total weighted average Cdn$ interest rate of 5.94%.

At December 31, 2010, Crescent Point was capitalized with 91 percent equity, a 5 percent decrease from December 31, 2009, primarily due to the increased net debt of the Company, partially offset by the increases in share price and the number of shares outstanding. The Company's net debt to funds flow from operations ratio at December 31, 2010 was 1.3 times (December 31, 2009 - 0.6 times). This increase is largely due to the favorable impact of the November 3, 2009 equity financing on the 2009 ratio and timing of the deployment of the cash as consideration in the acquisition of assets from Penn West which closed on January 15, 2010, and an increase in net debt as at December 31, 2010 resulting from the Company's successful drilling program and capital acquisitions. Crescent Point's projected average net debt to 12 month cash flow is approximately 1.0 times.

In June and October 2010, the Company successfully completed a total of $750.4 million in equity financings, in March 2010 the Company closed a private offering of senior guaranteed notes raising gross proceeds of US$260.0 million and Cdn$50.0 million, and in 2009, the Company completed a total of $1.2 billion in equity financings. At December 31, 2010, the Company also had $1.6 billion of bank credit facilities with approximately $900 million of unutilized borrowing capacity. Crescent Point has significant liquidity available to meet its short and medium term needs. The Company also has a successful DRIP program which raised $377.0 million in the year ended December 31, 2010 (December 31, 2009 - $216.8 million).

Crescent Point's development capital budget for 2011 was set in December 2010 at $800 million, with average 2011 production forecast at 72,500 boe/d.

Crescent Point's management believes that with the high quality reserve base and development inventory, excellent balance sheet and solid hedging program, the Company is well positioned to continue generating strong operating and financial results through 2011 and beyond.

Shareholders' Equity

At December 31, 2010, Crescent Point had 266.9 million common shares issued and outstanding compared to 209.4 million shares at December 31, 2009. The increase of 57.5 million shares relates primarily to the June and October 2010 bought deal financings and the acquisitions of Shelter Bay, Private Company and Ryland in the third quarter of 2010:

- Crescent Point and a syndicate of underwriters closed a bought deal financing on June 2, 2010, pursuant to which the syndicate sold 9.2 million shares at $41.00 per share for gross proceeds of $375.2 million.
- Crescent Point issued 24.4 million shares to Shelter Bay shareholders at a price of $36.87 per share on closing of the acquisition on July 2, 2010.
- Crescent Point issued 0.7 million shares to Private Company shareholders at a price of $36.18 per share on closing of the acquisition on July 5, 2010.
- Crescent Point issued 2.2 million shares to Ryland shareholders at a price of $36.03 per share on closing of the acquisition on August 20, 2010.
- Crescent Point and a syndicate of underwriters closed a bought deal financing on October 13, 2010, pursuant to which the syndicate sold 10.3 million shares at $36.60 per share for gross proceeds of $375.2 million.

- Crescent Point issued 10.0 million shares pursuant to the DRIP program during 2010 for proceeds of $377.0 million.

Crescent Point's total capitalization increased to $12.9 billion at December 31, 2010 compared to $8.6 billion at December 31, 2009, with the market value of the shares representing 91 percent of the total capitalization. The increase in capitalization is attributable to the increases in the number of shares outstanding, the share price and net debt as a result of the growth of the Company.

Contractual Obligations and Commitments

The Company has assumed various contractual obligations, commitments and asset retirement obligations in the normal course of operations. The following table summarizes the Company's contractual obligations and commitments as at December 31, 2010:

Contractual Obligations Summary ($000)		Expected Payout Date			
	Total	2011	2012 - 2013	2014 - 2015	After 2015
Operating Leases[1]	**92,849**	11,499	20,282	18,238	42,830
Senior guaranteed notes[2]	**454,630**	18,220	36,440	122,518	277,452
Asset retirement obligation	**362,777**	3,500	7,000	7,000	345,277
Drilling commitments	**22,927**	18,202	4,725	-	-
Premiums on put contracts	**19,192**	19,192	-	-	-

(1) Operating leases include equipment, vehicles, and leases for office space which are net of recoveries of rent expense on office space the Company has acquired through various acquisitions and has subleased to other tenants.

(2) These amounts include the notional principal and interest payments pursuant to the CCIRS, which fix the amounts due in Canadian dollars.

Off Balance Sheet Arrangements

The Company has off-balance sheet financing arrangements consisting of various lease agreements which are entered into in the normal course of operations. All leases have been treated as operating leases whereby the lease payments are included in operating expenses or general and administrative expenses depending on the nature of the lease. No asset or liability value has been assigned to these leases in the balance sheet as of December 31, 2010. All of the lease agreement amounts have been reflected in the Contractual Obligations and Commitments table above.

Critical Accounting Estimates

The preparation of the Company's financial statements requires management to adopt accounting policies that involve the use of significant estimates and assumptions. These estimates and assumptions are developed based on the best available information and are believed by management to be reasonable under the existing circumstances. New events or additional information may result in the revision of these estimates over time. A summary of the significant accounting policies used by Crescent Point can be found in Note 2 of the December 31, 2010 consolidated financial statements. The following discussion outlines what management believes to be the most critical accounting policies involving the use of estimates and assumptions.

Depletion, Depreciation and Amortization ("DD&A")

Crescent Point follows the CICA accounting guideline AcG-16 on full cost accounting in the oil and gas industry to account for oil and gas properties. Under this method, all costs associated with the acquisition of, exploration for and the development of natural gas and crude oil reserves are capitalized, and costs associated with production are expensed. The capitalized costs are depleted using the unit-of-production method based on estimated proved reserves using management's best estimate of future prices and costs (see Oil and Gas Reserves discussion below).

Reserve estimates can have a significant impact on earnings, as they are a key component in the calculation of depletion. A downward revision in a reserve estimate could result in a higher DD&A charge to earnings. In addition, if net capitalized costs are determined to be in excess of the calculated ceiling, which is based largely on reserve estimates (see Asset Impairment discussion below), the excess must be written off as an expense charged against earnings. In the event of a property disposition, proceeds are normally deducted from the full cost pool without recognition of a gain or loss unless there is a change in the DD&A rate of 20 percent or greater.

Asset Retirement Obligation

Upon retirement of its oil and gas assets, the Company anticipates incurring substantial costs associated with asset retirement activities. Estimates of the associated costs are subject to uncertainty associated with the method, timing and extent of future retirement activities. A liability for these costs and a related asset are recorded using the estimated discounted asset retirement costs, and the capitalized costs are depleted on a unit-of-production basis over the associated reserve life. Accordingly, the liability, the related asset and the expense are impacted by changes in the estimates and timing of the expected costs and reserves (see Oil and Gas Reserves discussion below).

Asset Impairment

Producing properties and undeveloped properties are assessed annually, or as economic events dictate, for potential impairment. Impairment is assessed by comparing the estimated undiscounted future cash flows to the carrying value of the asset. The cash flows used in the impairment assessment require management to make assumptions and estimates about recoverable reserves (see Oil and Gas Reserves discussion below), future commodity prices and operating costs. Changes in any of the assumptions, such as a downward revision in reserves, a decrease in anticipated future commodity prices, or an increase in operating costs could result in an impairment of an asset's carrying value.

Business Combinations

Business combinations are accounted for by the acquisition method of accounting. Under this method, the purchase price is allocated to the assets acquired and the liabilities assumed based on the fair value at the time of acquisition. The excess purchase price over the fair value of identifiable assets and liabilities acquired is goodwill. The determination of fair value often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of property, plant and equipment acquired generally requires the most judgment and includes estimates of reserves acquired (see Oil and Gas Reserves discussion below), future commodity prices, operating costs, and discount rates. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill in the purchase price allocation. Future net earnings can be affected as a result of changes in future depletion and depreciation, asset impairment or goodwill impairment.

Goodwill Impairment

Goodwill is subject to impairment tests annually, or as economic events dictate, by comparing the fair value of the reporting entity to its carrying value, including goodwill. If the fair value of the reporting entity is less than its carrying value, a goodwill impairment loss is recognized as the excess of the carrying value of the goodwill over the implied value of the goodwill. The determination of fair value requires management to make assumptions and estimates about recoverable reserves (see Oil and Gas Reserves discussion below), future commodity prices, operating costs, production profiles, and discount rates. Changes in any of these assumptions, such as a downward revision in reserves, a decrease in future commodity prices, an increase in operating costs or an increase in discount rates could result in an impairment of all or a portion of the goodwill carrying value in future periods.

Oil and Gas Reserves

Reserves estimates, although not reported as part of the Company's financial statements, can have a significant effect on net earnings as a result of their impact on depletion and depreciation rates, asset retirement provisions, asset impairments, business combinations, and goodwill impairment (see discussion of these items above). Independent petroleum reservoir engineering consultants perform evaluations of the Company's oil and gas reserves on an annual basis. The estimation of reserves is, however, an inherently complex process requiring significant judgment. Estimates of economically recoverable oil and gas reserves are based upon a number of variables and assumptions such as geoscientific interpretation, commodity prices, operating and capital costs and production forecasts, all of which may vary considerably from actual results. These estimates are expected to be revised upward or downward over time, as additional information such as reservoir performance becomes available, or as economic conditions change.

Future Income Taxes

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ significantly from that estimated and recorded.

Derivatives

Crescent Point enters into various derivative agreements to manage exposure to commodity prices, foreign exchange rates and interest rates. Fair values of derivative instruments fluctuate depending on the underlying estimate of future commodity prices, foreign exchange rates, interest rates and counterparty credit risk.

Risk Factors

Financial Risk

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

Operational Risk

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

Safety, Environmental and Regulatory Risks

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

Risk Management

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

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

New Accounting Pronouncements

As of January 1, 2010, the Company adopted the following CICA Handbook standards:

- "Business Combinations", Section 1582, which replaces the previous business combinations standard. The standard requires assets and liabilities acquired in a business combination, contingent consideration and certain acquired contingencies to be measured at their fair values as of the date of acquisition. In addition, acquisition-related and restructuring costs are recognized separately from the business combination and are included in the statement of operations. The adoption of this standard impacts the accounting treatment of business combinations entered into after January 1, 2010.
- "Consolidated Financial Statements", Section 1601, which together with Section 1602 below, replace the former consolidated financial statements standard. Section 1601 establishes the requirements for the preparation of consolidated financial statements. The adoption of this standard has had no material impact on Crescent Point's financial statements.
- "Non-controlling Interests", Section 1602, which establishes the accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The standard requires a non-controlling interest in a subsidiary to be classified as a separate component of equity. In addition, net earnings and components of other comprehensive income are attributed to both the parent and non-controlling interest. The adoption of this standard has had no material impact on Crescent Point's financial statements.

Future Accounting Pronouncements

International Financial Reporting Standards (IFRS)

In 2008, the Accounting Standards Board confirmed that the transition date to International Financial Reporting Standards ("IFRS") from Canadian GAAP is January 1, 2011 for publicly accountable enterprises. Therefore, the Company will report its first quarter 2011 results in accordance with IFRS, with comparative IFRS financial statements for the 2010 fiscal year, including the opening balance sheet as of January 1, 2010.

Crescent Point commenced the process of transitioning its financial statements from current Canadian GAAP to IFRS in 2008, and is now in the final stages of its IFRS implementation plan. The project has been led by internal staff within the financial reporting group with sponsorship from the management team. Regular reporting is provided to our management team and to the Audit Committee of our Board of Directors. Crescent Point has also had regular communication with our external auditors to help ensure our proposed policy choices, calculations and disclosures are in compliance with IFRS. Crescent Point has effectively completed all phases of its IFRS transition project and continues to review its draft IFRS calculations and financial statements for completeness and quality assurance. Key metrics used by management to monitor the business, such as funds flow from operations, net debt, netbacks (except for the reclassification of the Saskatchewan Corporation Capital Tax Resource Surcharge to royalties expense, discussed below) and reserve FD&A costs, will continue to be calculated on a consistent basis. Crescent Point expects to be in compliance with all financial debt covenants upon transition to IFRS.

First Time Adoption of IFRS

As at January 1, 2010, the date of Crescent Point's adoption of IFRS, certain financial statement adjustments are required to be made retroactively against opening retained earnings (accumulated deficit). However, IFRS 1 *First-time Adoption of IFRS* provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. The Company has applied the optional exemptions in two main areas:

- Property, Plant and Equipment ("PP&E"): Value the opening cost of PP&E assets and Exploration and Evaluation assets ("E&E") at the net book value determined under Canadian GAAP rather than applying IFRS rules retrospectively. PP&E assets accumulated in the country cost centres were allocated pro-rata based on proved reserve values to major areas, which consolidate into Cash Generating Units ("CGUs"). In addition, entities taking this exemption must, when revaluing its decommissioning liability, record the difference directly to retained earnings.
- Business Combinations: Value business combinations prior to January 1, 2010 at the amounts determined under Canadian GAAP, rather than applying IFRS rules retrospectively. Note that on January 1, 2010, the Company adopted the Canadian Handbook Section 1582 *Business Combinations*, which is aligned with IFRS 3 *Business Combinations*, therefore the only resulting difference between Canadian GAAP and IFRS in this area for 2010 transactions relates to the revaluation of the acquired asset retirement obligations, known as "decommissioning liabilities" under IFRS, due to the difference in discount rate used under IFRS.

January 1, 2010 Balance Sheet Adjustments

Below is a summary of the significant changes between the January 1, 2010 balance sheet previously reported under Canadian GAAP and the balance sheet prepared under IFRS. Note that the IFRS balances provided below are preliminary and are not audited.

Reclassification of exploration and evaluation assets

E&E assets consist of the Company's exploration projects which are pending the determination of proved or probable reserves, and include undeveloped land and any drilling costs incurred thereon. The drilling costs are accumulated in cost centers by well pending determination of technical feasibility and commercial viability. Upon determination of reserves, E&E assets attributable to those reserves are first tested for impairment and then reclassified from E&E assets to P,P&E.

PP&E assets include oil and gas development and production assets together with the E&E expenditures incurred in finding commercial reserves previously transferred from E&E assets.

In accordance with IFRS 1, described above, at January 1, 2010 the Company reclassified exploration and evaluation assets from PP&E to E&E of $586 million, the amount that was recorded as unproved properties under Canadian GAAP.

Investment in Shelter Bay

The Company's investment in Shelter Bay, including the Company's share of Shelter Bay's net income, was reclassified from long-term investments to investments in associate of $206 million at January 1, 2010, because under IFRS, investments in associates are required to be separately disclosed on the balance sheet.

Revaluation of decommissioning liability

In accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and IFRS 1, the Company revalued its decommissioning liability, known as asset retirement obligations under Canadian GAAP, at January 1, 2010 and recognized the difference directly in retained earnings. A difference resulted from the change in the discount rates used: under Canadian GAAP, the Company's asset retirement obligation is discounted using an average credit-adjusted risk-free rate of 8%, whereas under IFRS, the Company discounted its decommissioning liability using an average risk-free rate of approximately 4%. As a result, the value of the Company's decommissioning liability increased by $77 million, future income tax liability decreased by $20 million with a corresponding net increase in accumulated deficit.

Share-based compensation

In accordance with IFRS 2 *Share-based Payment*, the Company revalued its contributed surplus arising from share-based compensation *("SBC")* to recognize: an estimated forfeiture rate on restricted shares of 4%, and a 4 year service period commencing January 1, 2009 for the restricted shares granted in January 2010 pursuant to the Company's APA. These changes resulted in an increase to contributed surplus and accumulated deficit of $20 million. Under Canadian GAAP, forfeitures are recorded as they occur and the APA granted in January 2010 was amortized over the vesting period of 3 years. See share-based compensation below for further discussion.

Future Impact of IFRS Adoption

The quantitative impact on Crescent Point's future financial position and results of operations is still being calculated, however, there will be changes in the following areas:

Exploration and Evaluation assets

E&E undeveloped land will be amortized by major area over the primary lease term. The amortization of E&E undeveloped land will be recorded in DD&A expense, and the resulting increase in IFRS 2010 DD&A expense is expected to be approximately $155 million. Under Canadian GAAP, undeveloped land is not amortized.

Property, Plant and Equipment

PP&E costs accumulated within major areas will be depleted using the unit-of-production method based on the estimated proved reserves before royalties. Note that IFRS allows entities a choice of reserve base for purposes of depletion, and Crescent Point chose to continue using proved reserves. Under Canadian GAAP, PP&E costs accumulated in country cost centres are depleted using the unit-of-production method based on the estimated proved reserves before royalties. The impact of depleting PP&E at the major area level is expected to increase IFRS 2010 DD&A expense by approximately $23 million.

Decommissioning Liability

Under IFRS, the Company will revalue the decommissioning liability using the current risk-free rate, which, after the January 1, 2010 revaluation, will increase the liability and result in a corresponding increase to PP&E. At December 31, 2010, the expected difference between Canadian GAAP and IFRS is an increase to the decommissioning liability of $129 million, of which $52 million largely relates to using a current discount rate of approximately 3%. Under IFRS, accretion expense will be included in finance expense.

Royalties

Under IFRS, royalties expense will include the Saskatchewan Corporation Capital Tax Resource Surcharge, which was classified as capital and other taxes under Canadian GAAP. This will increase IFRS 2010 royalties expense by $27 million with an offsetting reduction to capital and other current tax expense.

Share-based compensation

IFRS requires an estimated forfeiture rate to be applied to SBC calculations, whereas under Canadian GAAP, forfeitures are recorded as they occurred. As a result, a 4% forfeiture rate, an estimate based on historical trends, will be applied; this will reduce SBC in the near term, however the forfeiture estimate will be trued-up to actual forfeits as vests occur.

IFRS also requires that the SBC relating to the APA be recognized over the related service period (4 years). Under Canadian GAAP, the immediate vest portion of the January 2011 grant was recorded in the fourth quarter of 2010.

The resulting impact of the above SBC changes is a decrease of approximately $5 million to 2010 SBC expense and a corresponding decrease to contributed surplus.

Depletion, depreciation and amortization expense

As discussed above, DD&A expense will include amortization of E&E undeveloped land, and therefore the Company's DD&A rate will be significantly higher under IFRS. Preliminary IFRS calculations for 2010 show a combined DD&A rate of approximately $40 per boe, compared to $31.87 per boe under Canadian GAAP.

Deferred income tax expense and liability

The differences between accounting for income tax under IFRS and Canadian GAAP will not have a significant impact, other than the impacts relating to the adjustments described above.

Impairment testing and measurement

IFRS uses a one-step approach for testing and measuring impairment, with asset carrying values compared directly to the recoverable amount. Crescent Point calculates the recoverable amount using a discounted cash flow model. The excess of carrying amount over recoverable amount is expensed in the period of impairment. This differs from Canadian GAAP, which generally uses a two-step approach by first comparing the asset carrying values with undiscounted cashflows to determine whether an impairment exists, and then measuring an impairment by comparing asset carrying values to their fair value.

Under IFRS, impairment of PP&E must be calculated at a lower level than what is required under Canadian GAAP. IFRS impairment testing is performed at the CGU level, whereas under Canadian GAAP, it is performed at the country cost centre level.

Under IFRS, PP&E assets must be assessed for impairment at January 1, 2010 and thereafter, when indicators exist.

Under IFRS, E&E assets must be assessed for impairment at January 1, 2010, prior to transfer to PP&E and when indicators exist. Crescent Point performs the E&E impairment test at the operating segment level by combining E&E with PP&E; any excess of carrying amount over recoverable amount is expensed in the period of impairment. The recoverable amount includes discounted future cash flows as per above, plus the fair market values of undeveloped land and seismic. Under Canadian GAAP, undeveloped properties are subject to a separate impairment test; any impairment is included in the costs subject to depletion.

Under IFRS, goodwill must be assessed for impairment at January 1, 2010, and annually thereafter. Crescent Point performs the goodwill impairment test at an operating segment level by combining the carrying amounts of E&E assets, PP&E and goodwill and comparing this to the recoverable amount. The excess of carrying amount over recoverable amount is expensed in the period of impairment. Under Canadian GAAP, impairment is recognized based on the fair value of the reporting entity compared to the carrying value of the reporting entity.

The impairment tests of PP&E, E&E and goodwill were performed at January 1, 2010 in accordance with IFRS and no impairments were identified.

Outstanding Common Shares Data

As of the date of this report, the Company had 269,641,117 common shares outstanding.

Selected Annual Information

($000 except per share amounts)	**2010**	2009	2008
Total oil and gas sales	**1,535,764**	981,865	1,213,676
Net income (loss)[1]	**20,021**	(31,075)	464,102
Net income (loss) per share [1]	**0.09**	(0.19)	3.74
Net income (loss) per share – diluted [1]	**0.08**	(0.19)	3.71
Cash flow from operating activities	**816,454**	652,028	584,955
Cash flow from operating activities per share	**3.48**	4.08	4.72
Cash flow from operating activities per share – diluted	**3.42**	4.02	4.67
Funds flow from operations	**882,862**	672,895	592,132
Funds flow from operations per share	**3.76**	4.21	4.78
Funds flow from operations per share – diluted	**3.70**	4.15	4.73
Working capital (deficit) [2]	**(103,477)**	148,190	187,694
Total assets	**7,866,102**	5,439,430	3,307,688
Total liabilities	**2,342,637**	1,460,952	1,462,876
Net debt [2]	**1,116,463**	370,937	730,932
Total long-term risk management liabilities	**74,630**	42,243	5,216
Weighted average shares (thousands)	**238,739**	162,149	125,944
Cash distributions	**657,520**	453,318	324,821
Cash distributions per share	**2.76**	2.76	2.61

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

(2) Working capital (deficit) is calculated as current assets less current liabilities, excluding risk management assets and liabilities, plus long-term investments.

Crescent Point's cash flow from operating activities, funds flow from operations and total assets have increased for the years 2008 through 2010 due to numerous corporate and property acquisitions and the Company's successful drilling program, which have resulted in higher production volumes. Oil and gas sales in 2010 increased from 2009 due to increased production and benchmark prices. Oil and gas sales in 2009 decreased from 2008 due to significantly lower benchmark prices. Net income over the past three years has fluctuated primarily due to changes in funds flow from operations, realized and unrealized derivative gains and losses on oil and gas contracts, which fluctuate with changes in market conditions, along with fluctuations in future income tax expense (recovery).

Summary of Quarterly Results

($000, except per share amounts) [1]	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4	2009 Q3	2009 Q2	2009 Q1
Oil and gas sales	**453,311**	393,499	330,224	358,730	327,500	264,936	225,822	163,607
Average daily production								
Crude oil and NGLs (bbls/d)	**62,640**	58,390	48,928	50,152	46,022	40,854	36,645	35,345
Natural gas (mcf/d)	**42,831**	42,947	35,919	35,456	36,134	32,806	28,037	26,098
Total (boe/d)	**69,779**	65,548	54,915	56,061	52,044	46,322	41,318	39,695
Net income (loss) [1]	**(54,351)**	(16,636)	63,399	27,609	(4,024)	45,357	(67,262)	(5,146)
Net income (loss) per share	**(0.21)**	(0.07)	0.29	0.13	(0.02)	0.28	(0.45)	(0.04)
Net income (loss) per share - diluted	**(0.21)**	(0.07)	0.29	0.13	(0.02)	0.28	(0.45)	(0.04)
Cash flow from operating activities [1]	**235,464**	204,583	207,070	169,337	199,141	150,067	157,804	145,016
Cash flow from operating activities per share	**0.89**	0.82	0.96	0.81	1.03	0.94	1.06	1.06
Cash flow from operating activities per share – diluted	**0.88**	0.81	0.94	0.79	1.02	0.92	1.04	1.04
Funds flow from operations [1]	**263,221**	230,424	185,135	204,082	191,292	155,415	137,960	188,228
Funds flow from operations per share	**1.00**	0.92	0.86	0.97	0.99	0.97	0.92	1.38
Funds flow from operations per share - diluted	**0.98**	0.91	0.84	0.96	0.98	0.96	0.91	1.36
Working capital (deficit) [2]	**(103,477)**	(128,225)	150,637	144,113	148,190	166,274	183,931	220,195
Total assets	**7,866,102**	7,667,169	6,145,412	6,066,716	5,439,430	4,102,058	3,577,316	3,357,449
Total liabilities	**2,342,637**	2,402,972	1,804,035	2,108,184	1,460,952	1,511,578	1,458,235	1,111,793
Net debt [3]	**1,116,463**	1,340,196	691,505	976,018	370,937	741,287	681,419	391,295
Total long-term risk management liabilities	**74,630**	41,381	17,151	33,590	42,243	-	46,890	4,279
Weighted average shares - diluted (thousands)	**267,405**	253,991	219,299	213,502	194,943	162,615	151,587	138,827
Capital expenditures [4]	**330,972**	1,796,250	189,625	732,554	1,207,950	638,551	381,173	206,026
Dividends declared	**184,688**	175,753	150,155	146,924	138,156	113,158	104,014	97,990
Dividends declared per share	**0.69**	0.69	0.69	0.69	0.69	0.69	0.69	0.69

(1) The first quarter of 2009 net loss, cash flow from operating activities and funds flow from operations include a $69.0 million realized derivative gain on the crystallization of various oil derivative contracts. The second quarter of 2009 net loss, cash flow from operating activities and funds flow from operations include a $3.5 million realized derivative gain on the crystallization of various oil contracts and a bad debt provision of $11.4 million.

(2) Working capital (deficit) is calculated as current assets less current liabilities, excluding risk management assets and liabilities, plus long-term investments.

(3) Net debt includes long-term debt, working capital and long-term investments, but excludes risk management assets, risk management liabilities and unrealized foreign exchange on translation of US dollar senior guaranteed notes.

(4) Capital expenditures excludes capitalized stock-based compensation and includes capital acquisitions. Capital acquisitions represent total consideration for the transactions including long-term debt and working capital assumed, and commencing January 1, 2010, excluding transaction costs.

Over the past eight quarters, the Company's oil and gas sales have generally increased due to several corporate and property acquisitions and our successful drilling program. Significant fluctuations in the Cdn$ WTI benchmark price and corporate oil differentials have also contributed to the fluctuations in oil and gas sales.

Net income has fluctuated primarily due to changes in funds flow from operations, realized and unrealized derivative gains and losses on oil and gas contracts, which fluctuate with the changes in forward market prices, along with fluctuations in the future income tax expense (recovery).

Capital expenditures fluctuated through this period as a result of timing of acquisitions and our development drilling program. Funds flow from operations and cash flow from operating activities throughout the last eight quarters has allowed the Company to maintain stable monthly dividends.

Fourth Quarter Review

- Crescent Point grew fourth quarter 2010 average daily production by six percent over third quarter 2010, producing 69,779 boe/d for the quarter. This is up from 65,548 boe/d in third quarter and up 34 percent from 52,044 boe/d in fourth quarter 2009. The average December 2010 production rate exceeded 72,000 boe/d.
- In fourth quarter 2010, the Company spent $246.5 million on development capital activities, including $178.5 million on drilling and completions activities. Crescent Point drilled 105 (71.1 net) wells with a 99 percent success rate.
- Crescent Point's funds flow from operations increased by 38 percent to $263.2 million ($0.98 per share – diluted) in fourth quarter 2010, compared to $191.3 million ($0.98 per share – diluted) in fourth quarter 2009.
- Fourth quarter 2010 funds flow from operations of $263.2 million includes cash from operating activities of $235.5 million, changes in non-cash working capital of $25.3 million, transaction costs of $1.2 million and asset retirement expenditures of $1.2 million.
- In fourth quarter 2010, the Company's operating netback increased to $46.02 per boe from $44.73 in fourth quarter 2009.
- Crescent Point maintained consistent monthly dividends of $0.23 per share, totaling $0.69 per share for fourth quarter 2010 and resulting in a payout ratio of 70 percent on a per share – diluted basis. This is unchanged from $0.69 per share paid in fourth quarter 2009.
- On October 13, 2010, the Company closed a bought deal equity financing, in which a total of 10,250,000 Crescent Point shares were issued for gross proceeds of $375.2 million. Proceeds were used to finance increased capital expenditures, including land acquisitions, a portion of the Private Co. acquisition announced on September 20, 2010, and general corporate purposes.

Disclosure Controls and Procedures

Disclosure controls and procedures ("DC&P"), as defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, are designed to provide reasonable assurance that information required to be disclosed in reports filed with, or submitted to, securities regulatory authorities is recorded, processed, summarized and reported within the time periods specified under Canadian securities law and include controls and procedures designed to ensure that information required to be so disclosed is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Chief Executive Officer and the Chief Financial Officer of Crescent Point evaluated the effectiveness of the design and operation of the Company's DC&P. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that Crescent Point's DC&P were effective as at December 31, 2010.

Internal Controls over Financial Reporting

Internal control over financial reporting ("ICFR"), as defined in National Instrument 52-109, includes those policies and procedures that:

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

The Chief Executive Officer and the Chief Financial Officer are responsible for establishing and maintaining ICFR for Crescent Point. They have, as at the financial year ended December 31, 2010, designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The control framework Crescent Point's officers used to design the Company's ICFR is the Internal Control - Integrated Framework ("COSO Framework") published by The Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Under the supervision of the Chief Executive Officer and the Chief Financial Officer, Crescent Point conducted an evaluation of the effectiveness of the Company's ICFR as at December 31, 2010 based on the COSO Framework. Based on this evaluation, the officers concluded that as of December 31, 2010, Crescent Point maintained effective ICFR.

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

There were no changes in Crescent Point's ICFR during the year ended December 31, 2010 that materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Health, Safety and Environment Policy

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

- Complying with government regulations and standards;
- Conducting operations consistent with industry codes, practices and guidelines;
- Ensuring prompt, effective response and repair to emergency situations and environmental incidents;
- Providing training to employees and contractors to ensure compliance with Company safety and environmental policies and procedures;
- Promoting the aspects of careful planning, good judgment, implementation of the Company's procedures, and monitoring Company activities;
- Communicating openly with members of the public regarding our activities; and
- Amending the Company's policies and procedures as may be required from time to time.

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

As part of Crescent Point's ongoing commitment to reduce greenhouse gas emissions, the Company contributes to a reclamation fund whereby $0.30 per produced boe is directed to environmental emissions reduction. To date, $12.6 million has been contributed to the fund and $13.8 million has been expended in order to reduce greenhouse gas emissions and to meet and exceed provincial and federal targets.

Outlook

Crescent Point's guidance for 2011 is as follows:

Production	Guidance
Oil and NGL (bbls/d)	65,375
Natural gas (mcf/d)	42,750
Total (boe/d)	72,500
Funds flow from operations ($000)	1,130,000
Funds flow per share – diluted ($)	4.08
Dividends per share ($)	2.76
Payout ratio – per share – diluted (%)	68
Capital expenditures ($000) (1)	800,000
Wells drilled, net	311
Pricing	
Crude oil – WTI (US$/bbl)	92.00
Crude oil – WTI (Cdn$/bbl)	91.09
Natural gas – Corporate (Cdn$/mcf)	3.50
Exchange rate (US$/Cdn$)	1.01

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

Additional information relating to Crescent Point is available on SEDAR at www.sedar.com.

Forward-Looking Information

Cautionary Statement Regarding Forward-Looking Information and Statements

Certain statements contained in this report constitute forward-looking statements and are based on Crescent Point's beliefs and assumptions based on information available at the time the assumption was made. By its nature, such forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. These statements are effective only as of the date of this report.

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

In particular, forward-looking information and statements include, but are not limited to:

- *Crescent Point's 2011 guidance as outlined in the Outlook section;*
- *Maintaining monthly dividends;*
- *Crescent Point expects to be in compliance with all financial debt covenants upon transition to IFRS;*
- *All results calculated under IFRS;*
- *Projected average net debt to 12 month funds flow of approximately 1.0 times; and*
- *Expected transportation and operating costs.*

All of the material assumptions underlying these statements are noted in the "Outlook" and "Liquidity and Capital Resources" sections of this report. All of the material risks underlying these statements are outlined below.

The following are examples of references to forward-looking information:

- *Volume and product mix of Crescent Point's oil and gas production;*
- *Future oil and gas prices and interest rates in respect of Crescent Point's commodity risk management programs;*
- *The amount and timing of future asset retirement obligations;*
- *Future liquidity and financial capacity;*
- *Future interest rates and exchange rates;*
- *Future results from operations and operating metrics;*
- *Future development, exploration and other expenditures;*
- *Future costs, expenses and royalty rates;*
- *Future tax rates; and*
- *The Company's tax pools.*

This disclosure contains certain forward-looking estimates that involve substantial known and unknown risks and uncertainties, certain of which are beyond Crescent Point's control. Therefore, Crescent Point's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking estimates and if such actual results, performance or achievements transpire or occur, or if any of them do so, there can be no certainty as to what benefits Crescent Point will derive therefrom.

A barrel of oil equivalent ("boe") is based on a conversion rate of six thousand cubic feet of natural gas to one barrel of oil.

Directors

Peter Bannister, Chairman [(1) (3)]

Paul Colborne [(2) (4)]

Ken Cugnet [(3) (4) (5)]

Hugh Gillard [(1) (2) (5)]

Gerald Romanzin [(1) (3)]

Scott Saxberg [(4)]

Greg Turnbull [(2) (5)]

(1) Member of the Audit Committee of the Board of Directors

(2) Member of the Compensation Committee of the Board of Directors

(3) Member of the Reserves Committee of the Board of Directors

(4) Member of the Health, Safety and Environment Committee of the Board of Directors

(5) Member of the Corporate Governance Committee

Officers

Scott Saxberg
President and Chief Executive Officer

Greg Tisdale
Chief Financial Officer

C. Neil Smith
Vice President, Engineering and
Business Development

Dave Balutis
Vice President, Exploration

Brad Borggard
Vice President, Corporate Planning

Derek Christie
Vice President, Geosciences

Ryan Gritzfeldt
Vice President, Engineering East

Ken Lamont
Vice President, Finance and Treasurer

Tamara MacDonald
Vice President, Land

Trent Stangl
Vice President, Marketing and Investor Relations

Steve Toews
Vice President, Engineering West

Head Office

Suite 2800, 111 – 5th Avenue S.W.
Calgary, Alberta T2P 3Y6
Tel: (403) 693-0020
Fax: (403) 693-0070
Toll Free: (888) 693-0020

Banker

The Bank of Nova Scotia
Calgary, Alberta

Auditor

PricewaterhouseCoopers LLP
Calgary, Alberta

Legal Counsel

McCarthy Tétrault LLP
Calgary, Alberta

Evaluation Engineers

GLJ Petroleum Consultants Ltd.
Calgary, Alberta

Sproule Associates Ltd.
Calgary, Alberta

Registrar and Transfer Agent

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

Olympia Trust Company
2300, 125 – 9th Avenue S.E.
Calgary, Alberta T2G 0P6
Tel: (403) 261-0900

Stock Exchange

Toronto Stock Exchange – TSX

Stock Symbol

CPG

Investor Contacts

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

Greg Tisdale
Chief Financial Officer
(403) 693-0020

Trent Stangl
Vice President, Marketing and Investor Relations
(403) 693-0020

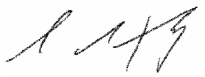
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of Crescent Point Energy Corp. is responsible for the preparation of the financial statements. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain estimates that reflect management's best estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

Management has developed and maintains an extensive system of internal accounting controls that provide reasonable assurance that all transactions are accurately recorded, that the financial statements realistically report the Company's operating and financial results, and that the Company's assets are safeguarded. Management believes that this system of internal controls has operated effectively for the year ended December 31, 2010. The Company has effective disclosure controls and procedures to ensure timely and accurate disclosure of material information relating to the Company which complies with the requirements of Canadian securities legislation.

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

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



Scott Saxberg
President and Chief Executive Officer

Greg Tisdale
Chief Financial Officer

March 15, 2011

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Crescent Point Energy Corp.

We have audited the consolidated financial statements of Crescent Point Energy Corp., which comprise the consolidated balance sheets as at December 31, 2010 and December 31, 2009 and the consolidated statements of operations, comprehensive income (loss) and deficit and cash flows for each of the years then ended, and the related notes including a summary of significant accounting policies.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Crescent Point Energy Corp. as at December 31, 2010 and December 31, 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
Calgary, Alberta

March 15, 2011

CONSOLIDATED BALANCE SHEETS

As at December 31 ($000)	**2010**	2009
ASSETS		
Current assets		
Accounts receivable	**199,977**	141,887
Investments in marketable securities	**908**	1,092
Prepaids and deposits	**4,698**	8,861
Risk management asset (Note 21)	**7,087**	1,675
	212,670	153,515
Long-term investments (Note 4)	**62,164**	229,755
Reclamation fund (Note 10)	**3,001**	3,422
Risk management asset (Note 21)	**5,106**	3,845
Other receivable (Note 6)	**9,210**	9,320
Property, plant and equipment (Notes 7, 8)	**7,369,201**	4,939,279
Goodwill (Note 9)	**204,750**	100,294
Total assets	**7,866,102**	5,439,430
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**343,691**	210,515
Cash dividends payable	**27,533**	22,890
Risk management liability (Note 21)	**78,707**	20,080
	449,931	253,485
Long-term debt (Note 11)	**1,006,451**	519,127
Risk management liability (Note 21)	**74,630**	42,243
Asset retirement obligation (Note 12)	**195,254**	139,365
Future income taxes (Note 19)	**616,371**	506,732
Total liabilities	**2,342,637**	1,460,952
SHAREHOLDERS' EQUITY		
Shareholders' capital (Notes 13, 14)	**6,839,358**	4,710,290
Contributed surplus (Note 16)	**93,960**	38,029
Deficit (Note 18)	**(1,407,117)**	(769,618)
Accumulated other comprehensive loss (Note 18)	**(2,736)**	(223)
Total shareholders' equity	**5,523,465**	3,978,478
Total liabilities and shareholders' equity	**7,866,102**	5,439,430

Commitments (Note 22)

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board of Directors:

Gerald A. Romanzin
Director

D. Hugh Gillard
Director

CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME (LOSS) AND DEFICIT

For the years ended December 31 ($000, except per share amounts)	2010	2009
REVENUE		
Oil and gas sales	1,535,764	981,865
Royalties	(255,101)	(172,609)
Derivatives		
Realized gains	5,518	125,140
Unrealized losses (Note 21)	(96,328)	(228,254)
Equity and other income (Note 15)	38,886	12,687
	1,228,739	718,829
EXPENSES		
Operating	247,989	146,182
Transportation	37,120	24,296
General and administrative	40,851	36,344
Stock-based compensation (Note 16)	65,662	45,024
Interest on long-term debt (Note 11)	59,244	35,134
Depletion, depreciation and amortization	716,789	423,114
Foreign exchange (gain) loss (Note 17)	(6,518)	6
Accretion on asset retirement obligation (Note 12)	12,318	7,213
	1,173,455	717,313
Income before taxes	55,284	1,516
Capital and other taxes	27,409	16,034
Future income tax expense (Note 19)	7,854	16,557
Net income (loss)	20,021	(31,075)
Other comprehensive loss (Note 18)	(2,513)	(223)
Comprehensive income (loss)	17,508	(31,298)
Deficit, beginning of year	(769,618)	(285,225)
Net income (loss)	20,021	(31,075)
Dividends paid or declared	(657,520)	(453,318)
Deficit, end of year (Note 18)	(1,407,117)	(769,618)
Net income (loss) per share (Note 20)		
Basic	0.09	(0.19)
Diluted	0.08	(0.19)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31 ($000)	2010	2009
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net income (loss)	**20,021**	**(31,075)**
Items not affecting cash		
Equity and other income (Note 15)	**(38,886)**	**(12,687)**
Future income tax expense	**7,854**	**16,557**
Stock-based compensation (Note 16)	**65,662**	**41,519**
Depletion, depreciation and amortization	**716,789**	**423,114**
Accretion on asset retirement obligation (Note 12)	**12,318**	**7,213**
Unrealized gain on foreign exchange (Note 17)	**(6,535)**	-
Unrealized losses on derivatives (Note 21)	**96,328**	**228,254**
Asset retirement expenditures (Note 12)	**(2,748)**	**(1,837)**
Change in non-cash working capital		
Accounts receivable	**(29,852)**	**(8,972)**
Prepaids and deposits	**4,966**	**(4,080)**
Accounts payable and accrued liabilities	**(29,463)**	**(5,978)**
	816,454	**652,028**
INVESTING ACTIVITIES		
Development capital and other expenditures	**(971,667)**	**(355,179)**
Capital acquisitions, net (Note 7)	**(640,457)**	**(612,132)**
Reclamation fund net withdrawals	**421**	**574**
Long-term investment (Note 4)	**1,465**	**(13,899)**
Change in non-cash working capital		
Accounts receivable	**(15,330)**	**(8,739)**
Accounts payable and accrued liabilities	**79,526**	**44,846**
	(1,546,042)	**(944,529)**
FINANCING ACTIVITIES		
Issue of shares, net of issue costs	**706,420**	**1,303,002**
Increase (decrease) in long-term debt	**299,071**	**(564,865)**
Cash dividends	**(280,547)**	**(453,318)**
Change in non-cash working capital		
Cash dividends payable	**4,644**	**7,682**
	729,588	**292,501**
INCREASE IN CASH	**-**	-
CASH AT BEGINNING OF YEAR	**-**	-
CASH AT END OF YEAR	**-**	-

Supplemental cash flow information (Note 23)

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2010 and 2009

1. STRUCTURE OF THE BUSINESS

Organization Structure

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

Wild River Arrangement

On July 2, 2009, Crescent Point Energy Trust ("Crescent Point" or the "Trust") and Wild River Resources Ltd. ("Wild River") completed a plan of arrangement (the "Wild River Arrangement") whereby the Trust unitholders exchanged their trust units for common shares in Wild River, a private company with properties in the Lower Shaunavon area of southwest Saskatchewan, on a one-to-one basis thereby effectively converting the Trust into a corporation. In addition, pursuant to the Wild River Arrangement, the shares of Wild River were consolidated on a 0.1512 for one basis prior to the exchange, the Board of Directors and management team of Wild River were replaced with Crescent Point's existing Board of Directors and management team and Wild River changed its name to Crescent Point Energy Corp. As a result of the Wild River Arrangement, the Trust was dissolved and Crescent Point Energy Corp. received all of the assets and assumed all of the liabilities of the Trust.

After completion of the Wild River Arrangement, the former unitholders of the Trust owned approximately 97 percent of the Company and the former shareholders of Wild River owned approximately 3 percent. In accordance with Canadian generally accepted accounting principles ("GAAP"), the Wild River Arrangement was accounted for as a reverse take-over, whereby the Trust was deemed to be the acquirer of Wild River. These consolidated financial statements have been prepared on a continuity of interest basis, which recognizes Crescent Point Energy Corp. as the successor entity to the Trust. As a result, in these and future financial statements, Crescent Point will refer to common shares, shareholders and dividends which, prior to July 2, 2009 were referred to as units, unitholders and distributions under the trust structure. Comparative amounts in these financial statements include the results of the Trust.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements include the accounts of the Company and its subsidiaries and have been prepared by management following Canadian GAAP. Effective January 1, 2011, Crescent Point will be required to report consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS").

a) Principles of Consolidation

Any reference to the "Company" throughout these consolidated financial statements refers to the Company and its subsidiaries. All transactions between the Company and its subsidiaries have been eliminated. From January 11, 2008 to July 2, 2010, the Company accounted for its investment in Shelter Bay Energy Inc. ("Shelter Bay") using the equity method. On July 2, 2010, the Company acquired Shelter Bay. Refer to Note 7 "Capital Acquisitions and Dispositions" for additional information.

b) Joint Ventures

Certain of the Company's development and production activities are conducted jointly with others through unincorporated joint ventures. The accounts of the Company reflect its proportionate interest in such activities.

c) Property, Plant and Equipment

The Company follows the full cost method of accounting for petroleum and natural gas properties and equipment, whereby all costs of acquiring petroleum and natural gas properties and related development costs are capitalized and accumulated on a country-by-country cost centre basis. Such costs include lease acquisition costs, geological and geophysical expenditures, costs of drilling both productive and non-productive wells, related plant and production equipment costs and related overhead charges. Maintenance and repairs are charged against income, whereas renewals and enhancements which extend the economic life of the properties and equipment are capitalized.

Gains and losses are not recognized upon disposition of petroleum and natural gas properties unless such a disposition would alter the rate of depletion by 20 percent or more.

Depletion, Depreciation and Amortization

Costs accumulated within each cost centre are depleted using the unit-of-production method based on the estimated proved reserves before royalties, as determined by independent engineers. Natural gas reserves and production are converted to equivalent barrels of oil based upon the relevant energy content (6:1). The depletion base includes capitalized costs, plus future costs to be incurred in developing proven reserves and excludes the unimpaired cost of undeveloped land. Costs associated with undeveloped properties are not subject to depletion and are assessed periodically to ascertain whether impairment has occurred. When reserves are assigned or the value of the undeveloped

property is considered to be impaired, the cost of the undeveloped property or the amount of impairment is added to costs subject to depletion.

Tangible production equipment and leasehold improvements are depreciated on a straight-line basis over estimated useful lives of 15 years and 10 years, respectively. Corporate assets are depreciated on a declining balance basis at rates ranging from 10 percent to 30 percent.

Ceiling Test
A limit is placed on the aggregate carrying value of property, plant and equipment ("PP&E") that may be amortized against revenues of future periods (the "ceiling test"). The ceiling test is an impairment test whereby the carrying amount of a cost centre's PP&E is compared to the sum of the cost centre's undiscounted cash flows expected to result from the cost centre's proved reserves using expected future prices and costs. Impairment is recognized if the carrying amount of the PP&E exceeds the sum of the undiscounted cash flows expected to result from the cost centre's proved reserves. Upon recognition of impairment, the Company measures the amount of impairment by comparing the carrying amounts of PP&E to an amount equal to the estimated net present value of future cash flows from proved and probable reserves. The Company's risk free interest rate is used to determine the net present value of the future cash flows. Any excess carrying value above the net present value of the cost centre's future cash flows would be recorded as a permanent impairment and charged against net income. The cost of undeveloped properties is excluded from the impairment test described above and subject to a separate impairment test.

d) Asset Retirement Obligation
The Company recognizes the fair value of an asset retirement obligation in the period in which it is incurred. The obligation is recorded as a liability on a discounted basis when incurred using the Company's average credit adjusted risk-free rate, with a corresponding increase to the carrying amount of the related asset. Over time the liabilities are accreted for the change in their present value and the capitalized costs are depleted on a unit-of-production basis over the life of the reserves. Revisions to the estimated timing of cash flows or the original estimated undiscounted cost would also result in an increase or decrease to the obligation and related asset.

e) Reclamation Fund
The Company established a reclamation fund to fund future asset retirement obligation costs and environmental emissions reduction costs. The Board of Directors approved contributions of $0.45 per boe of production beginning April 1, 2010. From January 1, 2009 to March 31, 2010 contributions were $0.30 per boe. Additional contributions are made at the discretion of management.

f) Goodwill
The Company records goodwill relating to a corporate acquisition when the total purchase price exceeds the fair value of the net identifiable assets and liabilities of the acquired company. The goodwill balance is assessed for impairment annually at year end or as events occur that could result in impairment. Impairment is recognized based on the fair value of the reporting entity ("consolidated Company") compared to the book value of the consolidated Company. If the fair value of the consolidated Company is less than the book value, impairment is measured by allocating the fair value of the consolidated Company to the identifiable assets and liabilities as if the Company has been acquired in a business combination for a purchase price equal to its fair value. The excess of the fair value of the consolidated Company over the amounts assigned to the identifiable assets and liabilities is the implied value of the goodwill. Any excess of the book value of goodwill over the implied value of goodwill is the impairment amount. Impairment is charged to earnings and is not tax affected, in the period in which it occurs. Goodwill is stated at cost less impairment and is not amortized.

g) Stock-based Compensation
The fair value method of accounting is used to account for the restricted shares granted under the Restricted Share Bonus Plan. Stock-based compensation expense is determined based on the estimated fair value of shares on the date of grant and is recognized over the vesting period, with a corresponding increase to contributed surplus. The Company capitalizes a portion of stock-based compensation with a corresponding decrease to stock-based compensation expense. At the time the restricted shares vest, the issuance of shares is recorded with a corresponding decrease to contributed surplus and increase to shareholders' equity.

h) Income Taxes
The Company follows the liability method of accounting for income taxes. Under this method, future income taxes are recognized for the estimated effect of any differences between the accounting and tax basis of assets and liabilities, using enacted or substantively enacted income tax rates. The effect of a change in income tax rates on future income taxes is recognized in income in the period in which the change occurs. Temporary differences arising on acquisitions result in future income tax assets and liabilities.

i) Financial Instruments
The Company uses financial instruments and physical delivery commodity contracts from time to time to reduce its exposure to fluctuations in commodity prices, foreign exchange rates and interest rates. The Company also makes investments in corporations from time to time in connection with the Company's acquisition and divesture activities.

All financial assets must be classified as held-for-trading, available-for-sale, held-to-maturity, or loans and receivables and all financial liabilities must be classified as held-for-trading or other. Financial assets and financial liabilities classified as held-for-trading are measured at fair value with changes in those fair values recognized in earnings. Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method of amortization. Available-for-sale financial assets are measured at fair value with unrealized gains and losses, including changes in foreign exchange rates, being recognized in other comprehensive income. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market are measured at cost.

Derivative instruments are always carried at fair value and reported as assets where they have a positive fair value and as liabilities where they have a negative fair value. Derivatives may be embedded in other financial instruments or contractual arrangements. Derivatives embedded in other instruments are valued as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the host contract; the terms of the embedded derivative are the same as those of a free standing derivative and the combined contract is not held-for-trading. When an entity is unable to measure the fair value of the embedded derivative separately, the combined contract is treated as a financial asset or liability that is held-for-trading and measured at fair value with changes therein recognized in the statement of operations.

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

The Company has not designated any of its risk management activities as accounting hedges and accordingly marks to market its financial instruments with the resulting gains and losses recorded in the statement of operations.

The Company has elected to classify its investments in marketable securities as held-for-trading and long-term investments as either held-for-trading or available-for-sale. Accordingly, the Company marks to market held-for-trading investments with the resulting gain or loss being recorded in the statement of operations. Long-term investments classified as available-for-sale are measured at cost.

j) Foreign Currency Translation

The Company's operations in the United States ("U.S.") are self-sustaining and are translated using the current rate method, whereby assets and liabilities are translated into Canadian dollars at the exchange rate in effect at the balance sheet date and revenue and expenses are translated using the average monthly exchange rate. Unrealized gains and losses resulting from the translation into Canadian dollars are included in accumulated other comprehensive income.

Transactions in foreign currencies not related to the Company's U.S. subsidiaries are translated to Canadian dollars at exchange rates in effect at the transaction dates. Both realized and unrealized gains and losses resulting from the settlement or restatement of foreign currency transactions are included in the statement of operations.

k) Revenue Recognition

Revenues associated with sales of crude oil, natural gas and natural gas liquids are recognized when title passes to the purchaser.

l) Cash and Cash Equivalents

Cash and cash equivalents include short-term investments with a maturity of three months or less when purchased.

m) Measurement Uncertainty

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Company's best information and judgment. Such amounts are not expected to change materially in the near term. They include the amounts recorded for future income taxes, purchase price allocations, depletion, depreciation, amortization and asset retirement costs which depend on estimates of oil and gas reserves or the economic lives and future cash flows from related assets.

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

3. CHANGES IN ACCOUNTING POLICIES AND FUTURE ACCOUNTING PRONOUNCEMENTS

As of January 1, 2010, the Company adopted the following CICA Handbook standards:

- "Business Combinations", Section 1582, which replaces the previous business combinations standard. The standard requires assets and liabilities acquired in a business combination, contingent consideration and certain acquired contingencies to be measured at their fair values as of the date of acquisition. In addition, acquisition related and restructuring costs are recognized separately from the business combination and are included in the statement of

operations. The adoption of this standard impacts the accounting treatment of business combinations entered into after January 1, 2010.

- "Consolidated Financial Statements", Section 1601, which together with Section 1602 below, replace the former consolidated financial statements standard. Section 1601 establishes the requirements for the preparation of consolidated financial statements. The adoption of this standard has had no material impact on Crescent Point's financial statements.
- "Non-controlling Interests", Section 1602, which establishes the accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The standard requires a non-controlling interest in a subsidiary to be classified as a separate component of equity. In addition, net earnings and components of other comprehensive income are attributed to both the parent and non-controlling interest. The adoption of this standard has had no material impact on Crescent Point's financial statements.

The above CICA Handbook sections are converged with International Financial Reporting Standards ("IFRS"). Crescent Point will be required to report its results in compliance with IFRS beginning in 2011 and continues to execute its IFRS implementation plan accordingly.

4. LONG-TERM INVESTMENTS

a) Reliable Energy Ltd.

In October 2009, the Company purchased 32.2 million common shares in Reliable Energy Ltd. The investment is classified as held-for-trading and is marked to market with the resulting gain or loss recorded in the statement of operations. The investment is recorded at fair value which is $6.1 million more than the original cost of the investment.

b) Painted Pony Petroleum Ltd.

In conjunction with the acquisition of Shelter Bay, the Company acquired 5.9 million common shares of Painted Pony Petroleum Ltd. ("Painted Pony"), a publicly traded oil and gas corporation. The investment is classified as held-for-trading and is marked to market with the resulting gain or loss recorded in the statement of operations. The investment is recorded at fair value which is $14.6 million more than the Company's cost of the investment.

In January 2011, the Company disposed of its investment in Painted Pony. Refer to Note 24 "Subsequent Events" for additional information.

5. RELATED PARTY TRANSACTIONS

All related party transactions described below were recorded at the exchange amount.

Shelter Bay

On July 2, 2010, Crescent Point closed the acquisition of Shelter Bay by way of plan of arrangement ("Shelter Bay Arrangement"). Prior to the Shelter Bay Arrangement, Crescent Point's investment in Shelter Bay of $200.4 million consisted of 173.9 million Class A Common Shares, representing an interest of 21 percent, plus the accumulated equity earnings of $6.6 million.

The following related party transactions occurred during 2010 between Crescent Point and Shelter Bay prior to the Shelter Bay Arrangement on July 2, 2010:

Management and Technical Services Agreement – Crescent Point entered into a Management and Technical Services Agreement with Shelter Bay, effective January 11, 2008 through December 31, 2012, with both early termination and extension provisions. Crescent Point was responsible for managing, administering and operating the assets and business of Shelter Bay. The services were provided in exchange for a monthly management fee. The Company billed management fees to Shelter Bay of $2.3 million in 2010 prior to the Shelter Bay Arrangement (2009 - $4.4 million).

Farm-Out Agreement – Effective January 11, 2008, Crescent Point entered into a farm-out agreement with Shelter Bay. Under the agreement, Shelter Bay had the right to farm-in on 22 net sections of Viewfield Bakken lands owned by the Company. Shelter Bay was responsible for paying 100 percent of the capital costs and earned a 50 percent interest in production from the property, while the Company retained the other 50 percent production interest. In 2010, prior to the Shelter Bay Arrangement, Shelter Bay drilled 8 gross wells on lands farmed out by the Company.

Amounts Owing From / Due To – All amounts owing to / from Shelter Bay were settled in conjunction with closing the Shelter Bay Arrangement on July 2, 2010 (December 31, 2009 - $0.1 million receivable).

Other

During 2010, Crescent Point recorded $1.7 million (2009 - $2.0 million) of legal fees in the normal course of business to a law firm of which a partner is also a director of the Company and a second partner is the Company's Corporate Secretary.

6. OTHER RECEIVABLE

At December 31, 2010, the Company had investment tax credits of approximately $12.5 million. The investment tax credits resulted from the Wild River Arrangement. The after tax benefit associated with investment tax credits is approximately $9.2 million.

7. CAPITAL ACQUISITIONS AND DISPOSITIONS

On January 1, 2010, Crescent Point adopted Section 1582 of the CICA Handbook which requires, for business combinations achieved in stages, the acquirer to re-measure its previously held equity interest in the acquiree at fair value on the date of acquisition of the controlling interest and recognize the resulting gain or loss in net income. Crescent Point records these gains or losses in equity and other income in the statement of operations. Equity and other income also includes the impact of adjustments relating to prior period business combinations.

Section 1582 of the CICA Handbook also requires certain pro forma disclosures regarding material business combinations if practical to do so. If the material business combinations described below had closed on January 1, 2010, Crescent Point's oil and gas sales for the year ended December 31, 2010 would have been approximately $1.6 billion. Oil and gas sales for the year ended December 31, 2010 includes approximately $119.6 million oil and gas sales attributable to these same material business combinations.

In the year ended December 31, 2010, the Company recorded transaction costs related to asset and corporate acquisitions in general and administrative expense of $9.3 million.

a) Major Acquisitions

Shelter Bay Energy Inc.

On July 2, 2010, Crescent Point completed the acquisition, by way of plan of arrangement, of all remaining issued and outstanding common shares of Shelter Bay, a private oil and gas company with properties contiguous with Crescent Point's existing core areas in southern Saskatchewan. Total consideration of approximately $1.2 billion included the issuance of approximately 24.4 million shares, assumed long-term debt, working capital, long-term investment and the historical cost of Crescent Point's previously held equity investment of $200.4 million ($1.2 billion was allocated to property, plant and equipment). The goodwill recognized on acquisition is attributed to the expected future cash flows derived from unbooked possible reserves. The business combination was accounted for using the acquisition method of accounting.

The carrying value of Crescent Point's investment in Shelter Bay on July 2, 2010 was $207.0 million, and for purposes of determining the purchase price allocation, the fair value is estimated at $237.3 million, resulting in a gain of $30.3 million.

	($000)
Fair value of net assets acquired	
Long-term investment	36,633
Accounts receivable	16,152
Risk management assets	11,987
Property, plant and equipment	1,249,522
Goodwill	104,456
Accounts payable and accrued liabilities	(45,771)
Long-term debt	(137,687)
Asset retirement obligation	(7,119)
Future income tax liability	(91,356)
Total net assets acquired	1,136,817
Consideration	
Crescent Point's previously held equity interest	206,987
Gain on Crescent Point's previously held equity interest	30,291
Shares issued (24,397,586 shares)	899,539
Total purchase price	1,136,817

Private Company

On July 5, 2010, Crescent Point completed the acquisition, by way of plan of arrangement, of all issued and outstanding common shares of a private oil and gas company with exploratory land in southern Alberta prospective for multi-zone light oil opportunities. Total consideration of approximately $95.6 million included the issuance of approximately 0.7 million shares, assumed long-term debt and working capital ($105.1 million was allocated to property, plant and equipment). The business combination was accounted for using the acquisition method of accounting.

	($000)
Fair value of net assets acquired	
Accounts receivable	2,337
Property, plant and equipment	105,063
Accounts payable and accrued liabilities	(22,159)
Long-term debt	(49,018)
Asset retirement obligation	(4,856)
Future income tax liability	(4,574)
Total net assets acquired	26,793
Consideration	
Shares issued (740,537 shares)	26,793
Total purchase price	26,793

Ryland Oil Corp.

On August 20, 2010, Crescent Point completed the acquisition, by way of plan of arrangement, of all remaining issued and outstanding common shares of Ryland Oil Corp. ("Ryland"), a public oil and gas company with properties primarily located in Crescent Point's Flat Lake area in southeastern Saskatchewan and North Dakota. Total consideration of approximately $116.3 million included the issuance of approximately 2.2 million shares, assumed long-term debt, working capital and the historical cost of Crescent Point's previously held equity investment of $7.6 million ($122.0 million was allocated to property, plant and equipment). The business combination was accounted for using the acquisition method of accounting.

The carrying value of Crescent Point's investment in Ryland on August 20, 2010 was $7.8 million and for purposes of determining the purchase price allocation, the fair value is estimated at $7.6 million resulting in a loss of $0.2 million.

	($000)
Fair value of net assets acquired	
Accounts receivable	356
Property, plant and equipment	121,984
Accounts payable and accrued liabilities	(22,376)
Long-term debt	(8,145)
Asset retirement obligation	(602)
Future income tax liability	(5,088)
Total net assets acquired	86,129
Consideration	
Crescent Point's previously held investment	7,833
Loss on Crescent Point's previously held investment	(203)
Shares issued (2,178,719 shares)	78,499
Total purchase price	86,129

b) Major Property Acquisitions and Dispositions

Penn West Assets

On January 15, 2010 Crescent Point completed the acquisition of certain assets in southwest Saskatchewan from Penn West Energy Trust. Total consideration paid included Crescent Point's 100 percent working interest in the Pembina Cardium play acquired through the Company's arrangement with TriAxon Resources Ltd., a 50 percent working interest in Crescent Point's Dodsland Viking play and $440.1 million cash including closing adjustments. The net addition recorded to property, plant and equipment was $443.6 million.

Southeast Saskatchewan Assets

On January 25, 2010 Crescent Point completed the acquisition of assets in southeast Saskatchewan for cash consideration of approximately $28.7 million ($30.7 million was allocated to property plant, plant and equipment).

On November 5, 2010 Crescent Point completed the acquisition of assets in southeast Saskatchewan for cash consideration, including closing adjustments, of approximately $87.3 million ($93.3 million was allocated to property, plant and equipment).

Southwest Saskatchewan Assets

On March 23, 2010 Crescent Point completed the acquisition of assets in southwest Saskatchewan for cash consideration of approximately $67.7 million ($68.4 million was allocated to property, plant and equipment).

c) Minor Acquisitions, Dispositions and Purchase Price Adjustments

Minor property acquisitions, dispositions and purchase price adjustments during the year ended December 31, 2010 amounted to additions to property plant and equipment of $11.4 million ($14.7 million was allocated to property, plant and equipment).

8. PROPERTY, PLANT AND EQUIPMENT

December 31, 2010 ($000)	**Cost**	**Accumulated depletion, depreciation and amortization**	**Net**
Petroleum and natural gas properties	**7,465,451**	**1,678,677**	**5,786,774**
Production equipment	**1,858,166**	**284,507**	**1,573,659**
Corporate assets	**15,832**	**7,064**	**8,768**
	9,339,449	**1,970,248**	**7,369,201**
December 31, 2009 ($000)	Cost	Accumulated depletion, depreciation and amortization	Net
Petroleum and natural gas properties	4,856,101	1,071,983	3,784,118
Production equipment	1,322,352	176,341	1,146,011
Corporate assets	14,285	5,135	9,150
	6,192,738	1,253,459	4,939,279

At December 31, 2010, undeveloped land costs of $989.4 million (2009 – $583.7 million) have been excluded from costs subject to depletion. Future development costs of $2.3 billion (2009 – $1.3 billion) are included in costs subject to depletion.

Direct general and administrative expenses capitalized by the Company during the year were $42.0 million (2009 – $12.1 million), including $22.5 million of stock-based compensation costs (2009 – $2.7 million) and $8.1 million of related future income taxes (2009 – nil).

The ceiling test calculations at December 31, 2010 indicated that the net recoverable amount from proved reserves exceeded the net carrying value of the petroleum and natural gas properties and equipment. The following table outlines the benchmark prices and the exchange rate used in the ceiling tests for both the Canadian and US cost centers at December 31, 2010.

Average Price Forecast (1)

	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021+**(2)
WTI ($US/bbl)	88.00	89.00	90.00	92.00	95.17	97.55	100.26	102.74	105.45	107.56	2%
Exchange rate	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98
WTI ($Cdn/bbl)	89.80	90.82	91.84	93.88	97.11	99.54	102.31	104.84	107.60	109.76	2%
AECO ($Cdn/mcf)	4.16	4.74	5.31	5.77	6.22	6.53	6.76	6.90	7.06	7.21	2%

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

(2) Percentage change represents the change in each year after 2020 to the end of the reserve life.

9. GOODWILL

($000)	**2010**	2009
Balance, beginning of year	100,294	68,350
TriAxon Resources Ltd. acquisition	-	31,944
Shelter Bay acquisition	104,456	-
Balance, end of year	204,750	100,294

Goodwill acquired in the year ended December 31, 2010 is a result of the Shelter Bay acquisition. Refer to Note 7 “Capital Acquisitions and Dispositions” for additional information.

10. RECLAMATION FUND

The following table reconciles the reclamation fund:

($000)	**2010**	2009
Balance, beginning of year	**3,422**	3,996
Contributions	**9,365**	5,910
Actual expenditures	**(9,786)**	(6,484)
Balance, end of year	**3,001**	3,422

11. LONG-TERM DEBT

The following table reconciles long-term debt:

($000)	**2010**	2009
Bank credit facilities	**697,847**	519,127
Senior guaranteed notes		
CDN$50.0 million (Matures March 24, 2015)	**50,000**	-
US$37.5 million (Matures March 24, 2015)	**37,299**	-
US$67.5 million (Matures March 24, 2017)	**67,137**	-
US$155.0 million (Matures March 24, 2020)	**154,168**	-
Total long-term debt	**1,006,451**	519,127

a) Bank Credit Facilities

The Company has a syndicated unsecured credit facility with twelve banks and an operating credit facility with one Canadian chartered bank, for a total amount available under the combined facilities of $1.6 billion.

The credit facilities bear interest at the prime rate plus a margin based on a sliding scale ratio of the Company's debt to EBITDA, adjusted for certain non-cash items. The syndicated unsecured credit facility matures on June 10, 2013 and can be extended upon agreement of Crescent Point and the lenders. The operating credit facility constitutes a revolving facility for a 364 day term which is extendible annually for a further 364 day revolving period. The current conversion date for the operating credit facility is June 10, 2011. The combined credit facilities have covenants based on the ratios of debt to EBITDA and debt to capital, adjusted for certain non-cash items; the Company is in compliance with all debt covenants at December 31, 2010.

The Company has letters of credit in the amount of $11.1 million outstanding at December 31, 2010.

b) Senior Guaranteed Notes

On March 24, 2010 the Company closed a private offering of senior guaranteed notes raising gross proceeds of US$260.0 million and CDN$50.0 million. The notes are unsecured and rank *pari passu* with the Company's bank credit facilities and carry a bullet repayment on maturity. The terms and rates of the Company's outstanding senior guaranteed notes are detailed below:

Principal	Coupon Rate	Interest Payment Dates	Maturity Date
CDN$50.0 million	4.92%	September 24 and March 24	March 24, 2015
US$37.5 million	4.71%	September 24 and March 24	March 24, 2015
US$67.5 million	5.48%	September 24 and March 24	March 24, 2017
US$155.0 million	6.03%	September 24 and March 24	March 24, 2020

Concurrent with the issuance of the US$260.0 million senior guaranteed notes on March 24, 2010, the Company entered into cross currency interest rate swaps (''CCIRS'') with a syndicate of financial institutions. To manage the Company's foreign exchange risk, the CCIRS fixes the US dollar amount of the notes for purposes of interest and principal repayments at a notional amount of CDN$265.5 million. See additional information in Note 21 – "Financial Instruments and Risk Management".

12. ASSET RETIREMENT OBLIGATION

The following table reconciles the asset retirement obligation:

($000)	**2010**	2009
Asset retirement obligations, beginning of year	**139,365**	68,754
Liabilities incurred	**9,954**	2,622
Liabilities acquired through capital acquisitions	**25,859**	65,206
Liabilities disposed through capital dispositions	**(56)**	(1,367)
Liabilities settled	**(2,748)**	(1,837)
Change in estimate	**10,562**	(1,226)
Accretion expense	**12,318**	7,213
Asset retirement obligations, end of year	**195,254**	139,365

The total future asset retirement obligation was estimated by management based on the Company's net ownership in all wells and facilities. This includes all estimated costs to reclaim and abandon the wells and facilities and the estimated timing of the costs to be incurred in future periods. The Company has estimated the net present value of its total asset retirement obligation to be $195.3 million at December 31, 2010 (December 31, 2009 - $139.4 million) based on total estimated undiscounted cash flows to settle the obligation of $362.8 million (December 31, 2009 - $280.5 million). These obligations are expected to be settled through 2042, with the majority expected after 2019. The estimated cash flows have been discounted using an average credit-adjusted risk-free rate of return of eight percent and an inflation rate of two percent.

The change in estimate relates to changes in the reserve lives and cost assumptions.

13. SHAREHOLDERS' CAPITAL

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

	2010		2009	
	Number of shares	**Amount ($000)**	Number of shares	Amount ($000)
Common shares, beginning of year	**209,389,932**	**4,803,759**	-	-
Issued pursuant to the Wild River Arrangement to former Wild River common shareholders, July 2, 2009	**-**	**-**	4,363,316	130,638
Issued pursuant to the Wild River Arrangement to former Trust unitholders'	**-**	**-**	150,049,024	2,705,206
Issued for cash	**19,400,000**	**750,300**	22,114,500	805,423
Issued on capital acquisitions	**27,316,842**	**1,004,831**	28,597,092	1,014,965
Issued on exercised restricted shares (1)	**774,497**	**20,354**	462,925	12,969
Issued pursuant to the dividend reinvestment plans	**9,204,120**	**343,306**	3,129,102	109,443
Common shares, end of year	**266,085,391**	**6,922,550**	208,715,959	4,778,644
Cumulative share issue costs	**-**	**(116,858)**	-	(93,469)
To be issued pursuant to dividend reinvestment plans	**825,763**	**33,666**	673,973	25,115
Total shareholders' capital, end of year	**266,911,154**	**6,839,358**	209,389,932	4,710,290

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

On June 2, 2010, the Company and a syndicate of underwriters closed a bought deal equity financing pursuant to which the syndicate sold 9,150,000 common shares for gross proceeds of $375.2 million ($41.00 per share).

On October 13, 2010, the Company and a syndicate of underwriters closed a bought deal equity financing pursuant to which the syndicate sold 10,250,000 common shares for gross proceeds of $375.2 million ($36.60 per share).

In 2010, Crescent Point issued 10,029,883 common shares pursuant to the dividend reinvestment plan ("DRIP") in lieu of paying cash dividends of $377.0 million.

	2009	
	Number of trust units	Amount ($000)
Trust units, beginning of year	**125,678,681**	**2,153,496**
Issued for cash	**16,052,325**	**345,032**
Issued on capital acquisitions	**4,625,294**	**114,060**
Issued on exercised restricted units (1)	**449,053**	**10,254**
Issued pursuant to the distribution reinvestment plans	**3,241,171**	**82,291**
Donation of units	**2,500**	**73**
Trust units, prior to Wild River Arrangement	**150,049,024**	**2,705,206**
Trust units exchanged for shares pursuant to the Wild River Arrangement	**(150,049,024)**	**(2,705,206)**
Total trust units, July 2, 2009	-	-

(1) The amount of trust units issued on exercise of restricted units is net of employee withholding taxes.

On July 2, 2009, Crescent Point and Wild River completed a plan of arrangement whereby the Trust unitholders exchanged their trust units for common shares in Wild River, a private company with properties in the Lower Shaunavon area of southwest Saskatchewan, on a one-to-one basis thereby effectively converting the Trust into a corporation. Refer to Note 1 "Structure of the Business" for additional information.

14. CAPITAL MANAGEMENT

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

($000)	**2010**	2009
Long-term debt	**1,006,451**	519,127
Working (capital) deficiency (1)	**103,477**	(148,190)
Unrealized foreign exchange gain on translation of US dollar senior guaranteed notes	**6,535**	-
Net debt	**1,116,463**	370,937
Shareholders' equity	**5,523,465**	3,978,478
Total capitalization	**6,639,928**	4,349,415

(1) Working (capital) deficiency is calculated as current liabilities less current assets, excluding risk management assets and liabilities, less long-term investments.

Crescent Point's objective for managing capital is to maintain a strong balance sheet and capital base to provide financial flexibility, stability to dividends and to position the Company for future development of the business. Ultimately, Crescent Point strives to maximize long-term stakeholder value by ensuring the Company has the financing capacity to fund projects that are expected to add value to stakeholders and distribute any excess cash that is not required for financing projects.

Crescent Point manages and monitors its capital structure and short-term financing requirements using a non-GAAP measure, the ratio of net debt to funds flow from operations. Net debt is calculated as current liabilities plus long-term debt less current assets, less long-term investments, excluding risk management assets, risk management liabilities, and unrealized foreign exchange on translation of US dollar senior guaranteed notes. Funds flow from operations is calculated as cash flow from operating activities before changes in non-cash working capital, transaction costs and asset retirement expenditures. Crescent Point's objective is to maintain a net debt to funds flow from operations ratio of approximately 1.0 times. This metric is used to measure the Company's overall debt position and measure the strength of the Company's balance sheet. Crescent Point monitors this ratio and uses this as a key measure in making decisions regarding financing, capital spending and dividend levels.

Crescent Point strives to provide stability to its dividends over time by managing risks associated with the oil and gas industry. To accomplish this, the Company maintains a conservative balance sheet with significant unutilized lines of credit and actively hedges commodity prices using a 3½ year risk management program by hedging up to 65 percent of after royalty volumes using a portfolio of swaps, collars and put option instruments. Concurrent with the issuance of the US$260.0 million senior guaranteed notes, the Company entered into CCIRS for purposes of fixing the interest and principal repayments at a notional amount of $265.5 million.

Crescent Point is subject to certain financial covenants on its long-term debt and is in compliance with all financial covenants as of December 31, 2010.

15. EQUITY AND OTHER INCOME

Equity and other income is composed of the following items:

($000)	**2010**	2009
Gain on investments	**31,190**	-
Unrealized gain on investments	**10,102**	11,169
Shelter Bay equity income	**673**	1,518
Other	**(3,079)**	-
Equity and other income	**38,886**	12,687

16. RESTRICTED SHARE BONUS PLAN

The Company has a Restricted Share Bonus Plan. Under the terms of the Restricted Share Bonus Plan, the Company may grant restricted shares to directors, officers, employees and consultants which vest at 33 1/3 percent on each of the first, second and third anniversaries of the grant date.

Restricted shares have also been granted pursuant to the Company's Special Performance Award and Annual Performance Awards. The amounts and vesting profile of these awards are at the discretion of the Board of Directors. Restricted shares granted in January 2011 for the Annual Performance Award vested at 25 percent immediately, which was recorded in the fourth quarter of 2010.

Restricted shareholders are eligible for monthly dividends on their restricted shares, immediately upon grant.

A summary of the changes in the restricted shares outstanding under the plan is as follows:

	2010	2009
Restricted shares, beginning of year	**2,308,844**	2,325,302
Granted	**2,830,675**	1,523,475
Exercised	**(1,084,350)**	(1,471,429)
Forfeited	**(75,145)**	(68,504)
Restricted shares, end of year	**3,980,024**	2,308,844

The Company calculated total stock-based compensation, net of forfeitures, of $88.1 million (2009 - $47.7 million), of which $22.5 million (2009 – $2.7 million) was capitalized and nil (2009 - $3.5 million) was paid in cash.

A summary of the changes in the contributed surplus is as follows:

($000)	**2010**	2009
Contributed surplus, beginning of year	**38,029**	29,740
Stock-based compensation	**89,255**	37,211
Exercised restricted shares	**(32,194)**	(28,178)
Forfeited restricted shares	**(1,130)**	(744)
Contributed surplus, end of year	**93,960**	38,029

17. FOREIGN EXCHANGE

($000)	**2010**	2009
Realized		
Foreign exchange gain (loss)	**71**	(6)
Unrealized		
Foreign exchange gain on translation of US dollar senior guaranteed notes	**6,535**	-
Other foreign exchange loss	**(88)**	-
Foreign exchange gain (loss)	**6,518**	(6)

18. DEFICIT AND ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The deficit balance is composed of the following items:

($000)	**2010**	2009
Accumulated earnings	**564,092**	544,071
Accumulated cash distributions and dividends	**(1,971,209)**	(1,313,689)
Deficit, end of year	**(1,407,117)**	(769,618)

The accumulated other comprehensive income (loss) balance is composed of the following items:

($000)	**2010**	2009
Accumulated other comprehensive loss, beginning of year	**(223)**	-
Cumulative translation adjustment	**(2,513)**	(223)
Accumulated other comprehensive loss, end of year	**(2,736)**	(223)

19. INCOME TAXES

The tax provision differs from the amount computed by applying the combined Canadian federal and provincial statutory income tax rates to income before future income tax as follows:

($000)	**2010**	2009
Income before income taxes	**55,284**	1,516
Capital and other tax expense	**(27,409)**	(16,034)
	27,875	(14,518)
Statutory income tax rate	**29.14%**	30.14%
Expected provision for income taxes	**8,123**	(4,376)
Effect of change in corporate tax rates	**5,090**	85,268
Other	**(5,359)**	(64,335)
Future income tax expense	**7,854**	16,557

The net future income tax liability is comprised of the following:

($000)	**2010**	2009
Future income tax assets:		
Asset retirement obligations	**51,285**	36,430
Loss carryforwards for income tax	**158,504**	116,878
Share issue costs	**25,236**	17,801
Risk management contracts	**40,082**	16,594
	275,107	187,703
Future income tax liabilities:		
Property, plant and equipment	**(674,104)**	(605,417)
Timing of partnership items	**(209,294)**	(85,427)
Risk management contracts	**(3,187)**	(1,470)
Other	**(4,893)**	(2,121)
	(891,478)	(694,435)
Net future income tax liability	**(616,371)**	(506,732)

On July 2, 2009, the Company effectively converted from a publicly traded income trust to a publicly traded corporation by way of the Wild River Arrangement. As a result, for the year ended December 31, 2009, the Company's income tax expense was calculated on the basis of it being a corporation.

At December 31, 2010, the Company had tax pools of approximately $5.5 billion (2009 - $3.1 billion) consisting of intangible resource pools, tangible pools, non-capital losses and share issue costs. Including the impact of income from the general partnership for the year ended January 31, 2011, the net tax pools remaining are approximately $4.7 billion.

20. PER SHARE AMOUNTS

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

	2010	2009
Weighted average shares [(1)]	**234,850,963**	159,799,710
Dilutive impact of restricted shares [(1)]	**3,888,095**	2,348,879
Dilutive shares [(1)]	**238,739,058**	162,148,589

(1) Comparative amounts presented include trust units.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial assets and liabilities are comprised of accounts receivable, investments in marketable securities, long-term investments, the reclamation fund, risk management assets and liabilities, accounts payable and accrued liabilities, cash dividends payable and long-term debt. Risk management assets and liabilities arise from the use of derivatives.

Crescent Point's investments in marketable securities, long-term investments measured at fair value, the reclamation fund, and risk management assets and liabilities are transacted in active markets. The Company classifies the fair value of these transactions according to the following fair value hierarchy based on the amount of observable inputs used to value the instrument:

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

Accordingly, Crescent Point's marketable securities, long-term investments measured at fair value, and the reclamation fund are classified as Level 1 and risk management assets and liabilities as Level 2. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy.

Discussions of risks associated with financial assets and liabilities, fair values of financial assets and liabilities and summarized information related to risk management positions are detailed below:

a) Carrying Value and Fair Value of Financial Instruments

Accounts Receivable and Reclamation Fund

Accounts receivable and the reclamation fund are classified as loans and receivables and are reported at amortized cost. At December 31, 2010 and December 31, 2009 the carrying value of accounts receivable and the reclamation fund approximated their fair value.

Investments in Marketable Securities

Marketable securities with a quoted price in an active market are classified as held-for-trading and are reported at fair value, with changes in fair value recorded in equity and other income. At December 31, 2010 the Company reported investments in marketable securities at a fair value of $0.9 million (December 31, 2009 - $1.1 million). During the year ended December 31, 2010 the Company recorded an unrealized loss on marketable securities of $0.2 million (2009 - $0.6 million unrealized gain).

Long-term investments

Long-term investments with a quoted price in an active market are classified as held-for-trading and are reported at fair value, with changes in fair value recorded in equity and other income. At December 31, 2010 the Company reported long-term investments in public companies at a fair value of $62.2 million (December 31, 2009 - $15.4 million). During the year ended December 31, 2010, the Company recorded unrealized gains on long-term investments of $10.3 million (2009 - $10.6 million).

In August 2010, the Company sold its investment in a private oil and gas company, which was reported at amortized cost of $8.0 million at December 31, 2009, and realized a gain of $1.1 million which is recorded in equity and other income.

Accounts Payable and Accrued Liabilities and Cash Dividends Payable

Accounts payable and accrued liabilities and cash dividends payable are classified as other financial liabilities and are reported at amortized cost. At December 31, 2010 and December 31, 2009 the carrying value of these accounts approximated their fair values.

Long-term debt

Bank Credit Facilities

The bank credit facilities are classified as other financial liabilities and are reported at amortized cost. At December 31, 2010 and December 31, 2009 the carrying value approximated their fair value.

Senior Guaranteed Notes

The senior guaranteed notes, which are classified as other liabilities, are carried at their amortized cost and translated to Canadian dollars at the period end exchange rate. The following table details the amortized cost of the notes and their fair values expressed in Canadian dollars:

Senior Guaranteed Notes Principal ($000)	Reported Amortized Cost CDN$	Fair Value CDN$
CDN$50.0 million	50,000	51,868
US$37.5 million	37,299	39,162
US$67.5 million	67,137	71,054
US$155.0 million	154,168	164,133
	308,604	326,217

Risk Management Assets and Liabilities

Risk management assets and liabilities arise from the use of derivatives. The Company's derivative financial instruments are classified as held-for-trading and are reported at fair value with changes in fair value recorded through the statement of operations.

The following table summarizes the fair value as at December 31, 2010 and 2009 and the change in fair value for the year ended December 31, 2010 and 2009.

($000)	**2010**	2009
Risk management asset, beginning of year	**5,520**	181,935
Acquired through capital acquisitions	**11,987**	127
Unrealized mark to market loss	**(5,314)**	(176,542)
Risk management asset, end of year	**12,193**	5,520
Less: current risk management asset, end of year	**(7,087)**	(1,675)
Long term risk management asset, end of year	**5,106**	3,845

Risk management liability, beginning of year	**62,323**	10,611
Unrealized mark to market loss	**91,014**	51,712
Risk management liability, end of year	**153,337**	62,323
Less: current risk management liability, end of year	**(78,707)**	(20,080)
Long term risk management liability, end of year	**74,630**	42,243

The physical power contracts have not been marked to market as the power acquired is for the Company's own use. The unrealized loss on the physical contracts at December 31, 2010 is $0.2 million.

b) Risks Associated with Financial Assets and Liabilities

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

Market Risk

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

Commodity Price Risk

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

Crude oil – To partially mitigate exposure to crude oil commodity price risk, the Company enters into option contracts and swaps, which manage the CDN$ WTI price fluctuations.

Natural gas – The Company has partially mitigated natural gas commodity price risk by entering into AECO natural gas swaps, which manage the AECO natural gas price fluctuations.

Power – To partially mitigate exposure to electricity price changes, the Company has entered into swaps and fixed price physical delivery contracts which fix the power price.

The following table summarizes the sensitivity of the fair value of the Company's risk management positions as at December 31, 2010 to fluctuations in forward commodity prices, with all other variables held constant. When assessing the potential impact of these commodity price changes, the Company believes 10 percent volatility is a reasonable measure. Fluctuations in commodity prices potentially could have resulted in unrealized gains (losses) impacting income before taxes as follows**:**

($000)	Impact on Income Before Taxes Year ended December 31, 2010	
	Increase 10%	Decrease 10%
Crude oil price	(205,536)	207,810
Natural gas price	(2,424)	2,424

Interest Rate Risk

The Company is exposed to interest rate risk on bank indebtedness to the extent of changes in the prime interest rate. If interest rates applicable to floating rate debt at December 31, 2010 had increased by one percent, the Company's income before taxes would have decreased by $5.2 million.

The Company partially mitigates its exposure to interest rate changes by entering into both interest rate swap and bankers' acceptance transactions. The following sensitivities show the resulting unrealized gains (losses) and the impact to income before taxes of the respective changes in the applicable forward interest rates as at December 31, 2010 with all other variables held constant:

($000)	Impact on Income Before Taxes Year ended December 31, 2010	
	Increase 10% in forward interest rates	Decrease 10% in forward interest rates
Interest rate swaps	2,004	(2,004)

Foreign Exchange Risk

Fluctuations in the exchange rates between the US and Canadian dollar can affect the Company's reported results. The Company's functional and reporting currency is Canadian dollars. The Company is exposed to foreign exchange risk in relation to its US dollar denominated senior guaranteed notes, investment in U.S. subsidiaries and in relation to its crude oil sales.

Concurrent with the issuance of the US$260.0 million senior guaranteed notes on March 24, 2010, the Company entered into CCIRS with a syndicate of financial institutions. Under the terms of the CCIRS, the US dollar amount of the notes was fixed for purposes of interest and principal repayments at a notional amount of CDN$265.5 million.

To partially mitigate the foreign exchange risk relating to crude oil sales the Company has fixed crude oil contracts to settle in CDN$ WTI.

The following sensitivities show the resulting unrealized gains (losses) and the impact to income before taxes of the respective changes in the period end and applicable forward foreign exchange rates at December 31, 2010 with all other variables held constant:

($000)	Exchange Rate	Impact on Income Before Taxes Year ended December 31, 2010	
		Increase 10% in CDN$ relative to US$	Decrease 10% in CDN$ relative to US$
Translation of US dollar senior guaranteed notes	Period End	25,860	(25,860)
Cross currency interest rate swaps	Forward	(31,902)	31,902

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. A substantial portion of the Company's accounts receivable are with customers in the oil and gas industry and are subject to normal industry credit risks. The Company monitors the creditworthiness and concentration of credit with customers of its physical oil and gas sales. The Company is authorized to transact derivative contracts with counterparties rated A (or equivalent) or better, based on the lowest rating of the three ratings providers. Should one of the Company's financial counterparties be downgraded below the A rating limit, the Chief Financial Officer will advise the Audit Committee and provide recommendations to minimize the Company's credit risk to that counterparty. The maximum credit exposure associated with accounts receivable and risk management assets is the total carrying value and the maximum exposure associated with the derivative instruments approximates their fair value.

To further mitigate credit risk associated with its physical sales portfolio, Crescent Point has secured credit insurance from a global credit insurance provider. This policy provides credit coverage for approximately 65 percent of the Company's physical sales portfolio. Crescent Point believes this insurance policy is a prudent component of its formal Credit Policy and its detailed credit processes and controls.

Liquidity Risk

The timing of the undiscounted cash outflows relating to the financial liabilities is outlined in the table below:

($000)	1 year	2 years	3 years	> 3 years	Total
Accounts payable and accrued liabilities	343,691	-	-	-	343,691
Cash dividends payable	27,533	-	-	-	27,533
Risk management liabilities	86,215	33,546	12,672	1,091	133,524
Senior guaranteed notes[1]	18,220	18,220	18,220	399,970	454,630
Bank credit facilities	-	-	697,847	-	697,847

(1) These amounts include the notional principal and interest payments pursuant to the CCIRS, which fix the amounts due in Canadian dollars.

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages its liquidity risk through cash and debt management. As disclosed in Note 14, Crescent Point targets a net average debt to funds flow from operations ratio of approximately 1.0 times.

In managing liquidity risk, the Company has access to a wide range of funding at competitive rates through capital markets and banks. At December 31, 2010, the Company had available unused borrowing capacity on bank credit facilities of approximately $900 million. Crescent Point believes it has sufficient funding to meet foreseeable borrowing requirements.

Included in the Company's bank credit facilities of $697.8 million at December 31, 2010 are obligations of $670.0 million of bankers' acceptances, obligations of $36.7 million for borrowings under the operating and syndicated prime loans, partially offset by prepaid interest on banker's acceptances of $4.0 million and prepaid credit facility renewal fees of $4.9 million. These amounts are fully supported and management expects that they will continue to be supported by revolving credit and loan facilities that have no repayment requirements other than interest.

c) Derivative Contracts

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

The following is a summary of the derivative contracts in place as at December 31, 2010:

Financial WTI Crude Oil Derivative Contracts - Canadian Dollar[1]

Term	Volume (bbls/d)	Average Swap Price (CDN$/bbl)	Average Collar Sold Call Price (CDN$/bbl)	Average Collar Bought Put Price (CDN$/bbl)	Average Bought Put Price (CDN$/bbl)	Average Put Premium (CDN$/bbl)
2011	30,000	82.13	101.90	82.75	89.12	8.76
2012	23,500	88.53	98.97	82.16	-	-
2013	17,750	91.76	99.21	83.74	-	-
2014 January - March	6,000	93.42	101.44	85.00	-	-

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

Financial AECO Natural Gas Derivative Contracts – Canadian Dollar

Term	Average Volume (GJ/d)	Average Swap Price (CDN$/GJ)
2011	9,000	5.97
2012	8,000	5.98
2013 January – March	3,000	5.27

Financial Interest Rate Derivative Contracts – Canadian Dollar			
Term	Contract	Notional Principal (CDN$)	Fixed Annual Rate (%)
January 2011 – June 2011	Swap	75,000,000	3.89
January 2011 – May 2015	Swap	25,000,000	2.90
January 2011 – May 2015	Swap	25,000,000	3.50
January 2011 – May 2015	Swap	50,000,000	3.09
January 2011 – July 2015	Swap	50,000,000	3.63
July 2011 – June 2015	Swap	50,000,000	3.78

Financial Cross Currency Interest Rate Derivative Contracts – Canadian Dollar					
Term	Contract	Receive Notional Principal (US$)	Fixed Annual Rate (US %)	Pay Notional Principal (CDN$)	Fixed Annual Rate (CDN %)
January 2011 – March 2015	Swap	37,500,000	4.71	38,287,500	5.24
January 2011 – March 2017	Swap	67,500,000	5.48	68,917,500	5.89
January 2011 – March 2020	Swap	155,000,000	6.03	158,255,000	6.45

Concurrent with the issuance of the US$260.0 million senior guaranteed notes on March 24, 2010, the Company entered into CCIRS with a syndicate of financial institutions. Under the terms of the CCIRS, the Company pays fixed interest and principal amounts in Canadian dollars in exchange to receive fixed interest and principal amounts in US dollars; these US dollar proceeds will be used to settle the senior guaranteed note obligations. As a result, the amount of the notes was fixed for purposes of interest and principal repayments at a notional amount of CDN$265.5 million.

Physical Power Contracts – Canadian Dollar			
Term	Contract	Volume (MW/h)	Fixed Rate (CDN$/MW/h)
January 2011 – December 2011	Swap	3.0	55.25
January 2012 – December 2012	Swap	3.0	58.00
January 2013 – December 2013	Swap	3.0	53.00

22. COMMITMENTS

At December 31, 2010, the Company had contractual obligations and commitments for interest and principal payments on long-term debt, office space, drilling commitments, premiums on put contracts and vehicles:

($000)	
2011	67,113
2012	31,002
2013	30,445
2014	27,239
2015	113,517

(1) Included in the above commitments are recoveries of rent expense on office space the Company has acquired through various acquisitions and has subleased out to other tenants.

23. SUPPLEMENTAL CASH FLOW INFORMATION

($000)		
	2010	2009
Cash taxes paid	**3,688**	13,739
Cash interest paid	**59,857**	34,912

24. SUBSEQUENT EVENTS

Painted Pony

In January 2011, the Company disposed of its investment in Painted Pony for proceeds of $54.5 million, resulting in a realized gain of $17.9 million.

Directors

Peter Bannister, Chairman [(1) (3)]

Paul Colborne [(2) (4)]

Ken Cugnet [(3) (4) (5)]

Hugh Gillard [(1) (2) (5)]

Gerald Romanzin [(1) (3)]

Scott Saxberg [(4)]

Greg Turnbull [(2) (5)]

(1) Member of the Audit Committee of the Board of Directors

(2) Member of the Compensation Committee of the Board of Directors

(3) Member of the Reserves Committee of the Board of Directors

(4) Member of the Health, Safety and Environment Committee of the Board of Directors

(5) Member of the Corporate Governance Committee

Officers

Scott Saxberg
President and Chief Executive Officer

Greg Tisdale
Chief Financial Officer

C. Neil Smith
Vice President, Engineering and
Business Development

Dave Balutis
Vice President, Exploration

Brad Borggard
Vice President, Corporate Planning

Derek Christie
Vice President, Geosciences

Ryan Gritzfeldt
Vice President, Engineering East

Ken Lamont
Vice President, Finance and Treasurer

Tamara MacDonald
Vice President, Land

Trent Stangl
Vice President, Marketing and Investor Relations

Steve Toews
Vice President, Engineering West

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Banker

The Bank of Nova Scotia
Calgary, Alberta

Auditor

PricewaterhouseCoopers LLP
Calgary, Alberta

Legal Counsel

McCarthy Tétrault LLP
Calgary, Alberta

Evaluation Engineers

GLJ Petroleum Consultants Ltd.
Calgary, Alberta

Sproule Associates Ltd.
Calgary, Alberta

Registrar and Transfer Agent

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

Olympia Trust Company
2300, 125 – 9th Avenue S.E.
Calgary, Alberta T2G 0P6
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Stock Exchange

Toronto Stock Exchange – TSX

Stock Symbol

CPG

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