MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis ("MD&A") is dated March 14, 2012 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2011 for a full understanding of the financial position and results of operations of Crescent Point Energy Corp. (the "Company" or "Crescent Point").

The audited consolidated financial statements and comparative information for the year ended December 31, 2011 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), specifically IFRS 1, *First-time Adoption of International Financial Reporting Standards*. Previously, the Company prepared its consolidated financial statements in accordance with Canadian generally accepted accounting principles ("previous GAAP"). In accordance with IFRS 1, Crescent Point's transition date to IFRS was January 1, 2010 (the "Transition Date") and, therefore, the comparative information for 2010 has been prepared in accordance with the Company's IFRS accounting policies. The 2009 financial information contained within this MD&A has been prepared following previous GAAP and, as allowed by IFRS 1, has not been re-presented on an IFRS basis. Certain amounts in prior years have been reclassified to conform to the current year's IFRS presentation format.

STRUCTURE OF THE BUSINESS

The principal undertakings of 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. 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 MD&A, 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", "market capitalization" and "total capitalization". These terms do not have any standardized meaning as prescribed by IFRS and, therefore, may not be comparable with the calculation of similar measures presented by other issuers.

Funds flow from operations is calculated based on cash flow from operating activities before changes in non-cash working capital, transaction costs and decommissioning expenditures. Funds flow from operations per share and funds flow from operations per share – diluted are calculated as funds flow from operations divided by the number of weighted average basic and diluted shares outstanding, respectively. 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 IFRS.

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

($000s)	**2011**	2010	% Change
Cash flow from operating activities	**1,322,971**	816,454	62
Changes in non-cash working capital	**(36,078)**	54,349	(166)
Transaction costs	**2,679**	9,311	(71)
Decommissioning expenditures	**3,685**	2,748	34
Funds flow from operations	**1,293,257**	882,862	46

Net debt is calculated as current liabilities plus long-term debt less current assets and long-term investments, but excludes derivative asset, derivative liability 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:

($000s)	**2011**	2010	% Change
Long-term debt	**1,099,028**	1,006,451	9
Current liabilities	**681,279**	449,931	51
Current assets	**(308,515)**	(212,670)	45
Long-term investments	**(151,917)**	(62,164)	144
Excludes:			
Derivative asset	**10,216**	7,087	44
Derivative liability	**(101,997)**	(78,707)	30
Unrealized foreign exchange on translation of US dollar senior guaranteed notes	**(7,950)**	6,535	(222)
Net debt	**1,220,144**	1,116,463	9

Netback is calculated on a per boe basis as oil and gas sales, less royalties, operating and transportation expenses and realized derivative gains and losses. Netback is 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 net debt. Total capitalization is used by management to assess the amount of debt leverage used in the Company's capital structure. Refer to the Liquidity and Capital Resources section in this MD&A.

Results of Operations

Production

	2011	2010	% Change
Crude oil and NGL (bbls/d)	**66,604**	55,070	21
Natural gas (mcf/d)	**43,172**	39,318	10
Total (boe/d)	**73,799**	61,623	20
Crude oil and NGL (%)	**90**	89	1
Natural gas (%)	**10**	11	(1)
Total (%)	**100**	100	-

Production increased by 20 percent year over year, to 73,799 boe/d in 2011 from 61,623 boe/d in 2010, primarily due to the Company's successful drilling and fracture stimulation programs and 2010 acquisitions, partially offset by natural declines and severe flooding in southeast Saskatchewan in the spring of 2011.

Crescent Point's successful drilling program contributed to the increase in production. During 2011, the Company drilled 516 (373.0 net) wells focused primarily in the Viewfield Bakken resource play in southeast Saskatchewan and the Shaunavon resource play in southwest Saskatchewan.

Crescent Point's 2010 acquisitions included Shelter Bay Energy Inc. ("Shelter Bay") on July 2, 2010, adding approximately 7,400 boe/d, a private company on July 5, 2010, adding approximately 900 boe/d, as well as an asset acquisition on November 5, 2010 adding approximately 950 boe/d.

The Company's 90 percent weighting to oil in 2011 remained consistent with the comparative period.

Marketing and Prices

Average Selling Prices [1]	**2011**	2010	% Change
Crude oil and NGL ($/bbl)	**87.62**	73.46	19
Natural gas ($/mcf)	**3.87**	4.12	(6)
Total ($/boe)	**81.35**	68.28	19

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

Benchmark Pricing	**2011**	2010	% Change
WTI crude oil (US$/bbl)	**95.14**	79.55	20
WTI crude oil (Cdn$/bbl)	**94.20**	82.01	15
AECO natural gas [1] (Cdn$/mcf)	**3.63**	4.00	(9)
Exchange rate (US$/Cdn$)	**1.01**	0.97	4

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

For the year ended December 31, 2011, the Company's average selling price for oil increased by 19 percent from 2010 primarily as a result of the 20 percent increase in the US$ WTI benchmark price and improved market differentials for its Canadian light and medium crude, partially offset by a stronger Canadian dollar. Crescent Point's oil differential for the year ended December 31, 2011 was $6.58 per bbl, or 7 percent, compared to $8.55 per bbl, or 10 percent in 2010. Narrower differentials in 2011 are due, in part, to an over-supply of crude at Cushing, Oklahoma, that depressed WTI prices relative to other crude streams. The wide differential in 2010 resulted from less favorable market conditions due to market disruptions caused by the Enbridge pipeline shutdowns.

The Company's average selling price for gas of $3.87 per mcf for the year ended December 31, 2011 decreased by 6 percent from 2010, corresponding approximately to the decrease in AECO benchmark prices.

The Company expects wider corporate oil differentials for the first half of 2012 due to a combination of short-term and long-term factors impacting the US PADD II market. Differentials are expected to improve in the second half of 2012 as some of the short-term factors improve. However, to offset these price risks, Crescent Point has begun delivering crude oil through its Stoughton rail terminal, which will provide access to new markets outside of the PADD II region.

Derivatives

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

($000, except volume amounts)	**2011**	2010	% Change
Average crude oil volumes hedged (bbls/d)	**30,710**	24,476	25
Crude oil	**(88,259)**	(1,065)	8,187
per bbl	**(3.63)**	(0.05)	7,160
Average natural gas volumes hedged (GJ/d) (1)	**9,000**	8,847	2
Natural gas	**8,158**	6,583	24
per mcf	**0.52**	0.46	13
Average barrels of oil equivalent hedged (boe/d)	**32,132**	25,874	24
Total realized derivative gain (loss)	**(80,101)**	5,518	(1,552)
per boe	**(2.97)**	0.25	(1,288)

(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, natural gas and power, fluctuations in the US/Cdn dollar exchange rate 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 loss of $80.1 million for the year ended December 31, 2011, compared to a realized derivative gain of $5.5 million in 2010.

The Company's realized derivative loss for oil was $88.3 million for the year ended December 31, 2011, compared to $1.1 million in 2010. The increased realized loss in 2011 is largely attributable to the increase in the Cdn$ WTI benchmark price over 2010, partially offset by an increase in the Company's average derivative price. During the year ended December 31, 2011, the Cdn$ WTI benchmark price increased by 15 percent, while the Company's average derivative oil price increased by 5 percent or $4.44 per bbl, from $81.89 per bbl in 2010 to $86.33 per bbl in 2011.

Crescent Point's realized derivative gain for gas was $8.2 million for the year ended December 31, 2011, compared to $6.6 million in 2010. The increased realized gain in 2011 is largely attributable to the decrease in the AECO benchmark price and the increase in the Company's average derivative gas price. During the year ended December 31, 2011, the AECO benchmark price decreased by 9 percent and the Company's average derivative gas price increased from $5.83 per GJ in 2010 to $5.93 per GJ in 2011.

The Company has not designated any of its risk management activities as accounting hedges under International Accounting Standard 39, *Financial Instruments: Recognition and Measurement* and, accordingly, has fair valued its derivatives.

The following is a summary of the Company's unrealized derivative gain (loss):

($000s)	**2011**	2010	% Change
Crude oil	**(6,991)**	(92,834)	(92)
Natural gas	**(2,279)**	8,362	(127)
Interest	**(7,690)**	(1,730)	(345)
Power	**1,147**	-	-
Cross currency interest rate	**9,544**	(10,126)	194
Foreign exchange	**21**	-	-
Total unrealized derivative gain (loss)	**(6,248)**	(96,328)	94

The Company's unrealized derivative loss for the year ended December 31, 2011 decreased to $6.2 million from a loss of $96.3 million in 2010. The decrease is primarily due to a lower unrealized loss on crude oil contracts, partially offset by an unrealized gain on the Company's Cross Currency Interest Rate Swaps ("CCIRS") in 2011 as compared to a loss in 2010.

The unrealized oil derivative loss for the year ended December 31, 2011 is primarily attributable to the increase in the Cdn$ WTI forward benchmark price at December 31, 2011 compared to December 31, 2010. The unrealized derivative loss for the year ended December 31, 2010 is primarily attributable to the increase in the Cdn$ WTI forward benchmark price at December 31, 2010 compared to December 31, 2009.

The total unrealized derivative loss also includes a $9.5 million gain relating to the CCIRS entered into in conjunction with the issuance of the US senior guaranteed notes on March 24, 2010 and April 14, 2011. The CCIRS related gain is attributable to the weakening of the Cdn$ forward exchange rate relative to the US$. The unrealized loss in 2010 includes a $10.1 million loss relating to the CCIRS entered into in March 2010; this loss is primarily attributable to the strengthening of the Cdn$ forward exchange rate relative to the US$ during that time period.

Revenues

($000s) [1]	**2011**	2010	% Change
Crude oil and NGL sales	**2,130,170**	1,476,607	44
Natural gas sales	**61,019**	59,157	3
Total oil and gas sales	**2,191,189**	1,535,764	43

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

Crude oil and NGL sales increased 44 percent for the year ended December 31, 2011 compared to 2010. The increase is primarily due to the 21 percent increase in production and 19 percent increase in realized prices. The increase in production in 2011 is due to the Company's successful drilling program and 2010 acquisitions. The increase in realized prices is largely a result of the increase in US$ WTI benchmark price as compared to 2010 and narrowing differentials, partially offset by a stronger Canadian dollar.

Natural gas sales increased 3 percent for the year ended December 31, 2011 compared to 2010. The increase is primarily due to the 10 percent increase in natural gas production, partially offset by the 6 percent decrease in realized natural gas prices. The increased production in 2011 is primarily due to successful drilling in Viewfield, the Viewfield gas plant expansion and gas production acquired through capital acquisitions completed in 2010. The decrease in realized prices is largely due to the decrease in the AECO benchmark price.

Royalties

($000, except % and per boe amounts)	**2011**	2010	% Change
Royalties	**375,679**	282,509	33
As a % of oil and gas sales	**17**	18	(1)
Per boe	**13.95**	12.56	11

Royalties increased by 33 percent for the year ended December 31, 2011 compared to 2010. This increase is largely due to the 43 percent increase in oil and gas sales, partially offset by the decrease in royalties as a percentage of sales. Royalties as a percentage of sales decreased 1 percent for the year ended December 31, 2011 primarily due to increased royalty holidays associated with new wells drilled in Saskatchewan. In 2011, 327.3 net wells were drilled in Saskatchewan as compared to 292.7 in 2010.

Operating Expenses

($000, except per boe amounts)	**2011**	2010	% Change
Operating expenses	**300,735**	247,989	21
Per boe	**11.16**	11.03	1

Operating expenses per boe for the year ended December 31, 2011 marginally increased primarily due to increased road maintenance costs in the second and third quarters of 2011 due to flooding conditions in southern Saskatchewan.

Transportation Expenses

($000, except per boe amounts)	**2011**	2010	% Change
Transportation expenses	**51,469**	37,120	39
Per boe	**1.91**	1.65	16

Transportation expenses per boe increased 16 percent for the year ended December 31, 2011 compared to 2010. The increase is primarily due to increased tolls on the Enbridge Saskatchewan pipeline gathering system, partially offset by reduced clean oil trucking due to the wet weather conditions experienced in southern Saskatchewan during the second quarter. 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. The National Energy Board has ruled that the toll increase is temporary until industry participants, including Crescent Point, review the validity of the increase.

Netbacks

	2011			2010	
	Crude Oil and NGL ($/bbl)	**Natural Gas ($/mcf)**	**Total ($/boe)**	Total ($/boe)	% Change
Average selling price	**87.62**	**3.87**	**81.35**	68.28	19
Royalties	**(15.26)**	**(0.30)**	**(13.95)**	(12.56)	11
Operating expenses	**(11.67)**	**(1.08)**	**(11.16)**	(11.03)	1
Transportation	**(1.99)**	**(0.20)**	**(1.91)**	(1.65)	16
Netback prior to realized derivatives	**58.70**	**2.29**	**54.33**	43.04	26
Realized gain (loss) on derivatives	**(3.63)**	**0.52**	**(2.97)**	0.25	(1,288)
Netback	**55.07**	**2.81**	**51.36**	43.29	19

The Company's netback for the year ended December 31, 2011 increased 19 percent to $51.36 per boe from $43.29 per boe in 2010. The increase in the Company's netback is primarily the result of the increase in average selling price related to the increase in the Cdn$ WTI benchmark price and narrower differentials, partially offset by the realized derivative loss and the increase in transportation, royalties and operating expenses.

General and Administrative Expenses

($000, except per boe amounts)	**2011**	2010	% Change
General and administrative costs	**50,549**	52,366	(3)
Capitalized	**(12,417)**	(11,515)	8
Total general and administrative expenses	**38,132**	40,851	(7)
Transaction costs	**(2,679)**	(9,311)	(71)
Recovery of uncollectible amounts from SemCanada Crude Company	-	1,424	(100)
General and administrative expenses	**35,453**	32,964	8
Per boe	**1.32**	1.47	(10)

General and administrative expenses increased 8 percent for the year ended December 31, 2011 compared to 2010. This increase is primarily due to increased employee-related costs from the growth of the Company and the elimination of management fee income from Shelter Bay as a result of the July 2010 acquisition, partially offset by changes of estimates to overhead recoveries in 2011.

Interest Expense

($000, except per boe amounts)	**2011**	2010	% Change
Interest expense	**60,410**	59,244	2
Per boe	**2.24**	2.63	(15)

Interest expense increased 2 percent for the year ended December 31, 2011 compared to 2010. This increase is largely attributable to a higher average debt balance, partially offset by a decrease in the Company's effective interest rate. The lower effective interest rate is primarily due to lower realized hedging losses and lower rates on floating rate debt, partially offset by higher interest expense from the issuance of fixed rate senior guaranteed notes on April 14, 2011.

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

Foreign Exchange

($000s)	**2011**	2010	% Change
Realized			
Foreign exchange gain (loss)	**(1,574)**	71	2,317
Unrealized			
Foreign exchange gain (loss) on translation of US dollar senior guaranteed notes	**(14,485)**	6,535	(322)
Other foreign exchange gain (loss)	**(1,401)**	(88)	1,492
Foreign exchange gain (loss)	**(17,460)**	6,518	(368)

In 2010 and 2011, the Company closed two private offerings of senior guaranteed notes raising gross proceeds of US$425.0 million and Cdn$100.0 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, 2011, the Company recorded an unrealized foreign exchange loss on translation of US dollar senior guaranteed notes and accrued interest of $14.5 million compared to a gain of $6.5 million in 2010. The unrealized foreign exchange loss in 2011 is due to the weakening of the Canadian dollar relative to the US dollar during the relevant periods. The unrealized foreign exchange gain in 2010 was primarily the result of the strengthened Canadian dollar relative to the US dollar at December 31, 2010 compared to March 24, 2010.

Share-based Compensation Expense

($000, except per boe amounts)	**2011**	2010	% Change
Share-based compensation costs	**90,982**	82,802	10
Capitalized	**(21,246)**	(22,463)	(5)
Share-based compensation expense	**69,736**	60,339	16
Per boe	**2.59**	2.68	(3)

During the year ended December 31, 2011, the Company recorded share-based compensation costs of $91.0 million, an increase of 10 percent over 2010, due to increases in the number of employees and the Company's share price in 2011, partially offset by a decrease related to Annual Performance Awards ("APA").

The Company capitalized $21.2 million of share-based compensation for the year ended December 31, 2011, compared to $22.5 million in 2010, consistent with the relative decrease in the APA.

Restricted Share Bonus Plan

The Company has a Restricted Share Bonus Plan pursuant to which the Company may grant restricted shares to directors, officers, employees and consultants. The restricted shares vest at 33⅓ percent on each of the first, second and third anniversaries of the grant date or on such other terms as the Board of Directors may determine.

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

Under the Restricted Share Bonus Plan, the Company is authorized to issue up to 11,000,000 shares. The Company had 3,971,505 restricted shares outstanding at December 31, 2011 compared to 3,980,024 restricted shares outstanding at December 31, 2010.

Deferred Share Unit Plan

In December 2011, the Company approved a Deferred Share Unit ("DSU") plan for directors. Each DSU fully vests on the date of the grant, however the settlement of the DSU occurs only on a change of control or when the individual ceases to be a director of the Company. Deferred share units are settled in cash based on the then current Crescent Point share price.

Depletion, Depreciation and Amortization

($000, except per boe amounts)	**2011**	2010	% Change
Depletion and depreciation	**719,009**	529,989	36
Amortization of E&E undeveloped land	**220,521**	155,221	42
Depletion, depreciation and amortization	**939,530**	685,210	37
Per boe	**34.88**	30.46	15

The Company's depletion, depreciation and amortization ("DD&A") rate increased by 15 percent to $34.88 per boe for the year ended December 31, 2011 from $30.46 in 2010. This increase was primarily the result of several acquisitions completed during 2010.

Taxes

($000s)	**2011**	2010	% Change
Current tax expense (recovery)	**(3,408)**	1	(340,900)
Deferred tax expense	**60,753**	16,622	265

Current Tax Expense

The Company reported a current tax recovery of $3.4 million for the year ended December 31, 2011 compared to a current tax expense of less than $0.1 million in 2010. Current tax amounts primarily relate to investment tax credits earned through research and development expenditures, as well as income tax adjustments relating to business combinations completed in prior periods.

Deferred Tax Expense

In 2011, the Company reported deferred tax expense of $60.8 million as compared to $16.6 million in 2010. The increase in deferred tax expense is primarily due to a significant increase in income before tax, partially offset by a benefit recognized in 2011 from a 1.5% reduction in the federal corporate income tax rate. For the year ended December 31, 2010, the Company reported a deferred tax expense of $16.6 million due to an increase in taxable temporary differences, partially offset by unrealized derivative losses recorded in 2010.

Funds Flow, Cash Flow and Net Income

($000, except per share amounts)	**2011**	2010	% Change
Funds flow from operations	**1,293,257**	882,862	46
Funds flow from operations per share – diluted	**4.65**	3.70	26
Cash flow from operating activities	**1,322,971**	816,454	62
Cash flow from operating activities per share – diluted	**4.76**	3.42	39
Net income	**201,134**	50,921	295
Net income per share – diluted	**0.72**	0.21	243

Funds flow from operations increased to $1.3 billion for the year ended December 31, 2011 from $882.9 million in 2010 and increased to $4.65 per share – diluted from $3.70 per share – diluted. The increase in funds flow from operations is primarily the result of increases in production volumes and the netback. Production volumes increased due to the Company's successful drilling and fracture stimulation programs as well as 2010 acquisitions. The netback increased as a result of the higher average selling price related to the increase in the Cdn$ WTI benchmark price and narrowing differentials, partially offset by the realized derivative loss and the increase in transportation, royalties and operating expenses. Funds flow from operations per share – diluted increased for 2011 for the same reasons discussed above, partially offset by the impact of the September 2011 equity offering and shares issued through the Dividend Reinvestment Plan ("DRIP") program, however, the proceeds provided funding for future cash flow growth from the Company's drilling and development program.

Cash flow from operating activities increased 62 percent to $1.3 billion for the year ended December 31, 2011, compared to $816.5 million in 2010, for the same reasons as discussed above, as well as fluctuations in working capital. Cash flow from operating activities per share – diluted increased 39 percent to $4.76 per share – diluted in 2011 for the same reasons discussed above.

The Company recorded net income of $201.1 million for the year ended December 31, 2011, compared to $50.9 million in 2010, primarily as a result of the increase in funds flow from operations, partially offset by the increase in DD&A and deferred income tax expense.

As noted in the Derivatives section, the Company has not designated any of its risk management activities as accounting hedges under International Accounting Standard 39, *Financial Instruments: Recognition and Measurement*, and, accordingly, has fair valued its derivatives.

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

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

Crescent Point's underlying physical reserves are not fair valued each quarter, hence no gain or loss associated with price changes is recorded; the Company realizes the benefit/detriment of any price increase/decrease in the period 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)	**2011**	2010	% Change
Accumulated dividends, beginning of year	**1,971,209**	1,313,689	50
Dividends declared to shareholders	**771,362**	657,520	17
Accumulated dividends, end of year	**2,742,571**	1,971,209	39
Accumulated dividends per share, beginning of year	**17.79**	15.03	18
Dividends to shareholders per share	**2.76**	2.76	-
Accumulated dividends per share, end of year	**20.55**	17.79	16

The Company maintained monthly dividends of $0.23 per share during 2011.

Dividends increased 17 percent for the year ended December 31, 2011 compared to 2010. The increase in dividends relates to an increase in the number of shares outstanding primarily due to the bought deal financing which closed in September 2011 and the 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.

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 a financial asset at fair value through profit and loss and is fair valued with the resulting gain or loss recorded in net income. The investment is recorded at fair value which is $0.9 million less than the original cost of the investment.

Long-Term Investments

Public Companies

The Company holds common shares in publicly traded oil and gas companies. The investments are classified as financial assets at fair value through profit and loss and are fair valued with the resulting gain or loss recorded in net income. The investments are recorded at fair value which is $0.9 million more than the original cost of the investments.

Private Companies

The Company holds common shares in a private oil and gas company. The investment is classified as a financial asset at fair value through profit or loss and is fair valued with the resulting gain or loss recorded in net income. The investment is recorded at fair value which is $8.3 million more than the original cost of the investment.

Other Long-Term Assets

At December 31, 2011, other long-term assets consist of $11.1 million other receivables and $7.8 million reclamation fund.

The other receivable relates to investment tax credits and has increased $1.9 million during 2011 due to investment tax credits earned through research and development expenditures.

Crescent Point established a voluntary reclamation fund for future decommissioning 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 decommissioning costs and $0.30 per boe is for environmental emissions reduction costs.

The reclamation fund increased by $4.8 million during 2011 due to contributions of $12.1 million, partially offset by expenditures of $7.3 million. The expenditures of $7.3 million pertained primarily to environmental work completed in southeast Saskatchewan.

Capital Expenditures

($000s)	**2011**	2010	% Change
Capital acquisitions (net) [1]	**201,313**	2,077,733	(90)
Development capital expenditures	**1,238,795**	958,606	29
Capitalized administration [2]	**12,417**	11,515	8
Office equipment	**1,274**	1,547	(18)
Total	**1,453,799**	3,049,401	(52)

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

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

Capital 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 (a combined $1.2 billion was allocated to property, plant and equipment ("PP&E") and Exploration and Evaluation ("E&E") assets). The goodwill recognized on acquisition is attributed to the expected future cash flows derived from unbooked possible reserves.

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 (a combined $107.6 million was allocated to PP&E and E&E assets).

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., 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 (a combined $122.4 million was allocated to PP&E and E&E assets).

Property Acquisitions and Dispositions

Property acquisitions and dispositions during the year ended December 31, 2011 amounted to net additions to PP&E and E&E assets of $201.3 million ($202.6 million was allocated to PP&E and E&E assets). These property acquisitions were acquired with full tax pools and no working capital items.

Development Capital Expenditures

The Company's development capital expenditures for the year ended December 31, 2011 were $1.2 billion, compared to $958.6 million in 2010. In 2011, 516 (373.0 net) wells were drilled with a success rate of 100 percent. The development capital for 2011 included $287.4 million on facilities, land and seismic.

Crescent Point's budgeted capital program for 2012 is approximately $1.2 billion, 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 Company's goodwill balance as at December 31, 2011 of $207.7 million is attributable to the corporate acquisitions of Shelter Bay, TriAxon Resources Ltd., Tappit Resources Ltd., Capio Petroleum Corporation and Bulldog Energy Inc. during the period 2003 through 2010.

Decommissioning Liability

The decommissioning liability increased by $54.9 million during 2011 from $324.7 million in 2010 to $379.6 million in 2011. This increase relates to $26.1 million due to changes in estimates primarily pertaining to discount rates, $21.5 million in respect of drilling, $9.7 million of accretion expense, $1.3 million as a result of net capital acquisitions, partially offset by $3.7 million for liabilities settled.

Liquidity and Capital Resources

Capitalization Table ($000, except share, per share, ratio and percent amounts)	**December 31, 2011**	December 31, 2010
Net debt	**1,220,144**	1,116,463
Shares outstanding [(1)]	**288,952,171**	266,911,154
Market price at end of period (per share)	**44.90**	44.19
Market capitalization	**12,973,952**	11,794,804
Total capitalization	**14,194,096**	12,911,267
Net debt as a percentage of total capitalization	**9**	9
Annual funds flow from operations	**1,293,257**	882,862
Net debt to funds flow from operations [(2)]	**0.9**	1.3

(1) Common shares outstanding balance at December 31, 2011 includes 926,706 common shares issued on January 16, 2012 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 date of the acquisitions.

The Company's net debt is calculated as current liabilities plus long-term debt less current assets and long-term investments, but excludes derivative asset, derivative liability and unrealized foreign exchange on translation of US dollar senior guaranteed notes.

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, 2011, the Company had approximately $580 million drawn on bank credit facilities, including $10.1 million outstanding pursuant to letters of credit, leaving unutilized borrowing capacity of approximately $1.0 billion.

In 2010 and 2011, the Company closed two private offerings of senior guaranteed notes raising gross proceeds of US$425.0 million and Cdn$100.0 million. These notes rank *pari passu* with the Company's bank credit facilities and are unsecured with original terms of maturity from 5 to 10 years. Concurrent with the issuance of the US$425 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$424.6 million.

In September 2011, the Company successfully completed a bought deal financing for aggregate gross proceeds of $392.6 million.

At December 31, 2011, Crescent Point was capitalized with 91 percent equity, consistent with December 31, 2010. The Company's net debt to funds flow from operations ratio at December 31, 2011 was 0.9 times (December 31, 2010 – 1.3 times). This decrease is largely due to the increase in annual funds flow from operations. Crescent Point's target average net debt to 12 month cash flow is approximately 1.0 times.

The Company has a successful DRIP program which raised $457.2 million for the year ended December 31, 2011 (year ended December 31, 2010 - $377.0 million).

Crescent Point's revised development capital budget for 2012 is set at $1.2 billion, with average 2012 production forecast at 86,500 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 2012 and beyond.

Shareholders' Equity

At December 31, 2011, Crescent Point had 289.0 million common shares issued and outstanding compared to 266.9 million shares at December 31, 2010. The increase of 22.1 million shares relates primarily to the September 2011 bought deal financing and shares issued pursuant to the DRIP program:

- In September 2011, Crescent Point and a syndicate of underwriters closed a bought deal financing of approximately 9.0 million shares at $43.50 per share for gross proceeds of $392.6 million.
- Crescent Point issued 11.1 million shares pursuant to the DRIP program during 2011 for proceeds of $457.2 million.

Crescent Point's total capitalization increased to $14.2 billion at December 31, 2011 compared to $12.9 billion at December 31, 2010, with the market value of the shares representing 91 percent of the total capitalization. The increase in total capitalization primarily relates to the increase in shares outstanding.

Subsequent Events

Arrangement Agreement with Wild Stream Exploration Inc.

On January 24, 2012, Crescent Point announced that it entered into an agreement, by way of plan of arrangement, to acquire all of the issued and outstanding common shares of Wild Stream Exploration Inc. ("Wild Stream"), a publicly traded company with properties in southwest Saskatchewan. Total consideration is estimated to be $610.9 million and will include a combination of Crescent Point shares and assumed debt. The arrangement with Wild Stream is expected to close on March 15, 2012.

Bakken Asset Acquisition

On February 16, 2012, Crescent Point announced that it entered into an agreement with PetroBakken Energy Ltd., a publicly traded oil and gas company, to acquire certain assets in the Viewfield Bakken light oil resource play in southeast Saskatchewan for total cash consideration of $427.0 million. The agreement is expected to close on or about March 16, 2012.

Manitoba Asset Acquisition

On February 16, 2012, Crescent Point announced that it closed an agreement to acquire producing assets in southwest Manitoba for cash consideration of $130.0 million.

Equity Financing

On March 8, 2012, the Company and a syndicate of underwriters closed a bought deal equity financing of approximately 13.4 million shares at $45.25 per share for gross proceeds of approximately $604.2 million.

Arrangement Agreement with Reliable Energy Ltd.

On March 14, 2012, Crescent Point entered into an agreement, by way of plan of arrangement, to acquire all of the remaining issued and outstanding common shares of Reliable Energy Ltd. ("Reliable"), a publicly traded company in which Crescent Point owns a 12.8 percent equity interest. Total consideration for the 87.2 percent not currently owned by Crescent Point is estimated to be $99.1 million and will include a combination of Crescent Point shares and assumed debt. Including Crescent Point's existing 12.8 percent equity interest in Reliable, total consideration is estimated to be $103.9 million. The arrangement with Reliable is expected to close on or about May 1, 2012.

Contractual Obligations and Commitments

The Company has assumed various contractual obligations and commitments in the normal course of operations. The following table summarizes the Company's contractual obligations and commitments as at December 31, 2011:

($000s)	Less than 1 year	Between 1 and 5 years	More than 5 years
Operating leases (building and vehicle leases) (1)	12,643	46,619	36,837
Capital commitments (2)	62,902	63,120	-
Total	75,545	109,739	36,837

(1) Included in operating leases are recoveries of rent expense on office space the Company has subleased.
(2) Included in capital commitments is the expected total cost of a two-year agreement with a U.S. fracture stimulation company with operations in North Dakota.

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, 2011. All of the lease agreement amounts have been reflected in the Contractual Obligations and Commitments table above.

Critical Accounting Estimates

The preparation of the Company's consolidated financial statements requires management to adopt accounting policies that involve the use of significant estimates and assumptions. These estimates and assumptions are developed based on the best available information and are believed by management to be reasonable under the existing circumstances. New events or additional information may result in the revision of these estimates over time. A summary of the significant accounting policies used by Crescent Point can be found in Note 3 of the December 31, 2011 audited consolidated financial statements. The following discussion outlines what management believes to be the most critical policies involving the use of estimates and assumptions.

Exploration and Evaluation

The determination of technical feasibility and commercial viability, based on the presence of reserves, results in the transfer of assets from E&E assets to PP&E. This decision involves a number of assumptions including geoscientific interpretation, production forecasts, commodity prices, costs and related future cash flows, all of which may vary considerably from actual results.

Asset Impairments

For purposes of impairment testing, PP&E is aggregated into Cash Generating Units ("CGUs") based on separately identifiable and largely independent cash inflows. The determination of the Company's CGUs is subject to judgment. The testing of CGUs for impairment, as well as the assessment of potential impairment reversals, requires an estimate of the recoverable amount. An estimate of the recoverable amount requires a number of assumptions and estimates including geoscientific interpretation, production forecasts, commodity prices, costs and related future cash flows, all of which may vary considerably from actual results. These estimates are expected to be revised upward or downward over time, as additional information such as reservoir performance becomes available, or as economic conditions change.

Decommissioning Liabilities

Upon retirement of its oil and gas assets, the Company anticipates incurring substantial costs associated with decommissioning. The total decommissioning liability was estimated by management based on the Company's net ownership in wells and facilities. This includes all estimated costs to abandon, reclaim or decommission wells and facilities and the estimated timing of the costs to be incurred in future periods. Estimates of these costs are subject to uncertainty associated with the method, timing and extent of future decommissioning activities. The liability, the related asset and the expense are impacted by estimates with respect to the cost and timing of decommissioning.

The discount rate used to estimate decommissioning liabilities is updated each reporting period; changes in the risk free rate can change the amount of the liability, and these changes could be material in the future.

Share-based Compensation

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

Financial Instruments

The estimated fair value of derivative instruments resulting in derivative assets and liabilities, by their very nature, are subject to measurement uncertainty.

Business Combinations

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

Deferred Tax

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

Risk Factors

Financial Risk

Financial risk is the risk of loss or lost opportunity resulting from financial management and market conditions that could have a positive or negative impact on Crescent Point's business. Financial risks the Company is exposed to include: marketing 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.

There are no new material environmental initiatives impacting Crescent Point at this time.

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 and foreign exchange rates; adhering to conservative borrowing guidelines; monitoring counterparty creditworthiness and obtaining counterparty credit insurance.

Change in Accounting Policies

Adoption of International Financial Reporting Standards

The Company's consolidated financial statements for the years ended December 31, 2011 and December 31, 2010 have been prepared in accordance with IFRS 1, *First-time Adoption of International Financial Reporting Standards*, as issued by the International Accounting Standards Board. In accordance with IFRS 1, the Company's transition date to IFRS was January 1, 2010 and, therefore, the comparative information for 2010 has been prepared in accordance with IFRS. The 2009 financial information contained within this MD&A has been prepared following previous GAAP and has not been re-presented.

The Company concluded that the adoption of IFRS did not have a significant impact on any of our internal control processes.

The information below summarizes the significant accounting policies that the Company has adopted under IFRS as well as the impact of adopting the policies.

Property, Plant and Equipment

Under previous GAAP, Crescent Point accounted for its oil and gas properties in country cost centres using full-cost accounting. IFRS 1 provides the option for entities using full-cost accounting for oil and gas activities under previous GAAP to elect to measure oil and gas assets at the Transition Date at the historical net book value or at fair value, rather than applying IFRS rules retrospectively. The Company elected to measure its oil and gas assets at the net book value determined under previous GAAP, resulting in undeveloped land of $586.5 million being reclassified to exploration and evaluation assets on Transition Date. The remaining development and production assets that were accumulated in country cost centres under previous GAAP could be allocated to the cost centre's underlying assets pro-rata using reserve volumes or values. The Company elected to allocate these assets using reserve values.

Under IFRS, development and production assets are depleted at the major area level using the unit-of-production method based on the estimated proved plus probable reserves before royalties, whereas, under previous GAAP these assets were accumulated in country cost centres and depleted using the unit-of-production method based on the estimated proved reserves before royalties. As a result of depleting at the major area level based on proved plus probable reserves before royalties, DD&A decreased $186.8 million for the year ended December 31, 2010, with a corresponding increase to PP&E.

The carrying amounts of PP&E are grouped into CGUs and reviewed quarterly for indicators of impairment. Indicators are events or changes in circumstances that indicate the carrying amount may not be recoverable. If indicators of impairment exist, the recoverable amount of the CGU is estimated. If the carrying amount exceeds the recoverable amount, the CGU is written down with an impairment recognized in net income.

Assets are grouped into CGUs based on separately identifiable and largely independent cash inflows. Estimates of future cash flows used in the calculation of the recoverable amount are based on reserve evaluation reports prepared by independent petroleum reservoir engineers. The recoverable amount is the higher of fair value less cost to sell and the value-in-use. Fair value less cost to sell is derived by estimating the discounted after-tax future net cash flows. Discounted future net cash flows are based on forecasted commodity prices and costs over the expected economic life of reserves and discounted using market-based rates. Value-in-use is assessed using the present value of the expected future cash flows.

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

The impairment test of PP&E was performed at January 1, 2010 in accordance with IFRS and no impairments existed. At December 31, 2010 there were no indicators of impairment, therefore an impairment test of PP&E was not required.

Exploration and Evaluation

Exploration and evaluation assets are comprised of the accumulated expenditures incurred in an area where technical feasibility and commercial viability has not yet been determined. Exploration and evaluation assets include undeveloped land and any drilling costs thereon. At December 31, 2010 and January 1, 2010, E&E assets of $1.1 billion and $586.5 million, respectively, were recognized, whereas these amounts were included in PP&E under previous GAAP.

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

The Company's policy under IFRS is to amortize E&E undeveloped land by major area over the average primary lease term; under previous GAAP, undeveloped land was not amortized. Accordingly, DD&A increased $155.2 million for the year ended December 31, 2010 with a corresponding decrease to E&E assets.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) indicators suggest that the carrying amount exceeds the recoverable amount. Exploration and evaluation assets are tested for impairment at the operating segment level by combining E&E assets with PP&E. The recoverable amount includes discounted after tax future net cash flows as described in the PP&E impairment test, plus the fair

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

The impairment test of E&E was performed at January 1, 2010 in accordance with IFRS and no impairments existed. At December 31, 2010 there were no indicators of impairment, therefore, an impairment test of E&E was not required.

Decommissioning liability

The Company recognizes the present value of a decommissioning liability in the period in which it is incurred. The obligation is recorded as a liability on a discounted basis using the relevant risk free rate, with a corresponding increase to the carrying amount of the related asset. Under previous GAAP, a credit-adjusted risk free discount rate was used to estimate the Company's decommissioning liability. For entities taking the full-cost oil and gas accounting exemption discussed above, IFRS 1 requires that any difference in the decommissioning liability calculated between IFRS and previous GAAP be recognized directly in retained earnings; accordingly, on transition, the Company's decommissioning liability increased $77.1 million, deferred income tax liability decreased by $20.1 million and accumulated deficit increased $57.0 million. At December 31, 2010, the Company's decommissioning liability was $129.5 million higher under IFRS than under previous GAAP.

Business Combinations

The Company elected to apply the IFRS 1 exemption on business combinations and did not restate any business combinations that closed prior to the Transition Date. Effective January 1, 2010 under previous GAAP, the Company adopted the business combination standard that was converged with the IFRS business combination standard, resulting in no material differences recorded during 2010.

Share-based compensation

In accordance with IFRS 2 *Share-based Payment*, as at the Transition Date, the Company revalued its contributed surplus arising from share-based compensation to recognize an estimated forfeiture rate on restricted shares of 4 percent and a 4 year service period commencing January 1, 2009 for the restricted shares granted in January 2010 pursuant to the Company's APA. Under previous GAAP, forfeitures are recorded as they occur and the APA granted in January 2010 was amortized over the vesting period of 3 years.

Under previous GAAP, expense recognition generally cannot occur before the grant date. Under IFRS the grant date cannot be earlier than the date the awards are approved, however IFRS requires the entity to record an expense for employee's service as received, which may be earlier than the grant date.

Under IFRS, deferred income tax does not arise from capitalized share-based compensation. Therefore, amounts recorded under previous GAAP during 2010 were adjusted accordingly.

Royalties

Under IFRS, royalties include the Saskatchewan Corporation Capital Tax Resource Surcharge, which was classified as capital and other taxes under previous GAAP. Accordingly $27.4 million was reclassified to royalties for the year ended December 31, 2010 with a corresponding decrease to current tax expense.

Early adoption of IFRS 9

The Company has early adopted IFRS 9*, Financial Instruments.* This new standard replaces the current multiple classification and measurement model for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. Classification depends on the entity's business model for managing financial instruments and the contractual cash flow characteristics of the financial instrument. In addition, the fair value option for financial liabilities was amended. The changes in fair value attributable to a liability's credit risk will be recorded in other comprehensive income rather than through net income, unless this presentation creates an accounting mismatch. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to net income.

These changes in accounting policy are applied on a prospective basis from January 1, 2010.

Future Changes in Accounting Policies

The following standards and amendments have not been adopted as they apply to future periods. They may result in future changes to our existing accounting policies and disclosures. Crescent Point is currently evaluating the impact that these standards will have on the Company's results of operations and financial position:

- IFRS 10 *Consolidated Financial Statements* – in May 2011, the IASB issued IFRS 10 which provides additional guidance to determine whether an investee should be consolidated. The guidance applies to all investees, including special purpose entities. The standard is required to be adopted for periods beginning January 1, 2013.

- IFRS 11 *Joint Arrangements* – in May 2011, the IASB issued IFRS 11 which presents a new model for determining whether an entity should account for joint arrangements using proportionate consolidation or the equity method. An

entity will have to follow the substance rather than legal form of a joint arrangement and will no longer have a choice of accounting method. The standard is required to be adopted for periods beginning January 1, 2013.

- IFRS 12 *Disclosure of Interests in Other Entities* – in May 2011, the IASB issued IFRS 12 which aggregates and amends disclosure requirements included within other standards. The standard requires an entity to provide disclosures about subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard is required to be adopted for periods beginning January 1, 2013.

- IFRS 13 *Fair Value Measurement* – in May 2011, the IASB issued IFRS 13 to provide comprehensive guidance for instances where IFRS requires fair value to be used. The standard provides guidance on determining fair value and requires disclosures about those measurements. The standard is required to be adopted for periods beginning January 1, 2013.

- IAS 1 *Presentation of Items of Other Comprehensive Income* – in June 2011, the IASB issued amendments to IAS 1 Presentation of Financial Statements to separate items of other comprehensive income that may be subsequently reclassed to income. The standard is required to be adopted for periods beginning on or after July 1, 2012.

- IAS 27 *Separate Financial Statements* has been amended to conform to the changes made in IFRS 10 but retains the current guidance for separate financial statements.

- IAS 28 *Investments in Associates and Joint Ventures* has been amended to conform to the changes made in IFRS 10 and IFRS 11.

- IFRS 7 *Financial Instruments: Disclosures* – in December 2011, the IASB issued amendments to provide more extensive quantitative disclosures for financial instruments that are offset in the statement of financial position or that are subject to enforceable master netting or similar agreements. The standard is required to be adopted retrospectively for periods beginning on or after January 1, 2013.

- IAS 32 *Financial Instruments: Presentation* – in December 2011, the IASB issued amendments to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right to offset must be available on the current date and cannot be contingent on a future event. The standard is required to be adopted retrospectively for periods beginning on or after January 1, 2014.

Outstanding Common Shares Data

As of the date of this report, the Company had 304,418,601 common shares outstanding.

Selected Annual Information

($000 except per share amounts)	**2011**	2010	2009 – Previous GAAP[1]
Total oil and gas sales	**2,191,189**	1,535,764	981,865
Net income (loss)[2]	**201,134**	50,921	(31,075)
Net income (loss) per share [2]	**0.73**	0.22	(0.19)
Net income (loss) per share – diluted [2]	**0.72**	0.21	(0.19)
Cash flow from operating activities	**1,322,971**	816,454	652,028
Cash flow from operating activities per share	**4.80**	3.48	4.08
Cash flow from operating activities per share – diluted	**4.76**	3.42	4.02
Funds flow from operations	**1,293,257**	882,862	672,895
Funds flow from operations per share	**4.70**	3.76	4.21
Funds flow from operations per share – diluted	**4.65**	3.70	4.15
Working capital (deficit) [3]	**(129,066)**	(103,477)	148,190
Total assets	**8,734,446**	7,943,884	5,439,430
Total liabilities	**2,877,890**	2,451,796	1,460,952
Net debt [3]	**1,220,144**	1,116,463	370,937
Total long-term risk management liabilities	**64,220**	74,630	42,243
Weighted average shares - diluted (thousands)	**278,214**	238,739	162,149
Dividends paid or declared	**771,362**	657,520	453,318
Dividends paid or declared per share	**2.76**	2.76	2.76

(1) The Company's IFRS transition date was January 1, 2010, therefore, 2009 comparative information has not been restated.

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

(3) Working capital (deficit) is calculated as current assets less current liabilities, excluding derivative assets and liabilities, plus long-term investments and investment in associate.

Crescent Point's oil and gas sales, cash flow from operating activities, funds flow from operations and total assets have increased for the years 2009 through 2011 due to numerous corporate and property acquisitions and the Company's successful drilling program, which have resulted in higher production volumes. Net income over the past three years has fluctuated primarily due to changes in funds flow from operations, unrealized derivative gains and losses on derivative contracts, which fluctuate with changes in market conditions, along with fluctuations in deferred income tax expense (recovery).

Summary of Quarterly Results

($000, except per share amounts)	**2011**				2010			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Oil and gas sales	**630,373**	517,156	527,824	515,836	453,311	393,499	330,224	358,730
Average daily production								
Crude oil and NGLs (bbls/d)	**73,667**	65,253	59,390	68,060	62,640	58,390	48,928	50,152
Natural gas (mcf/d)	**45,257**	42,029	40,329	45,085	42,831	42,947	35,919	35,456
Total (boe/d)	**81,210**	72,258	66,112	75,574	69,779	65,548	54,915	56,061
Net income (loss)	**(86,197)**	204,624	184,924	(102,217)	(50,905)	(7,804)	71,626	38,004
Net income (loss) per share	**(0.30)**	0.74	0.68	(0.38)	(0.19)	(0.03)	0.33	0.18
Net income (loss) per share – diluted	**(0.30)**	0.74	0.68	(0.38)	(0.19)	(0.03)	0.33	0.18
Cash flow from operating activities	**386,276**	309,622	323,532	303,541	235,464	204,583	207,070	169,337
Cash flow from operating activities per share	**1.35**	1.12	1.19	1.13	0.89	0.82	0.96	0.81
Cash flow from operating activities per share – diluted	**1.34**	1.11	1.18	1.12	0.88	0.81	0.94	0.79
Funds flow from operations	**381,922**	303,315	311,492	296,528	263,221	230,424	185,135	204,082
Funds flow from operations per share	**1.33**	1.10	1.15	1.11	1.00	0.92	0.86	0.97
Funds flow from operations per share – diluted	**1.32**	1.09	1.14	1.10	0.98	0.91	0.84	0.96
Working capital (deficit) (1)	**(129,066)**	(93,240)	3,554	(124,350)	(103,477)	(128,225)	150,637	144,113
Total assets	**8,734,446**	8,542,291	8,013,479	8,062,974	7,943,884	7,718,016	6,176,571	6,087,271
Total liabilities	**2,877,890**	2,544,619	2,556,096	2,732,582	2,451,796	2,479,976	1,871,987	2,174,420
Net debt	**1,220,144**	1,072,615	1,139,088	1,228,508	1,116,463	1,340,196	691,505	976,018
Total long-term derivative liabilities	**64,220**	15,529	111,589	182,292	74,630	41,381	17,151	33,590
Weighted average shares – diluted (thousands)	**289,255**	277,864	273,743	270,789	267,405	253,991	219,299	213,502
Capital expenditures (2)	**465,728**	516,100	147,645	324,326	330,972	1,796,250	189,625	732,554
Dividends declared	**199,869**	195,021	188,881	187,591	184,688	175,753	150,155	146,924
Dividends declared per share	**0.69**	0.69	0.69	0.69	0.69	0.69	0.69	0.69

(1) Working capital (deficit) is calculated as current assets less current liabilities, but excludes derivative asset and liability, plus long-term investments and, prior to July 2, 2010, investment in associate.

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

Over the past eight quarters, the Company's oil and gas sales have generally increased due to a successful drilling program and several business combinations. Fluctuations in production, 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, unrealized derivative gains and losses on oil and gas derivative contracts, which fluctuate with the changes in forward market prices, along with fluctuations in the deferred 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 achieved a new production record in fourth quarter 2011 and averaged 81,210 boe/d, weighted 91 percent to light and medium crude oil and liquids. This represents an overall growth rate over fourth quarter 2010 of 16 percent, including more than 15 percent of organic growth. Production increased 12 percent over third quarter 2011.
- In fourth quarter 2011, the Company spent $458.9 million on development capital activities, including $378.4 million on drilling and development activities and $80.5 million on land, seismic and facilities. Crescent Point drilled 178 (132.3 net) wells targeting oil and 1 (1.0 net) service well with a 100 percent success rate.
- Crescent Point's funds flow from operations increased by 45 percent to a record $381.9 million ($1.32 per share – diluted) in fourth quarter 2011, compared to $263.2 million ($0.98 per share – diluted) in fourth quarter 2010.
- In fourth quarter 2011, the Company's netback increased by 19 percent to $53.40 per boe from $44.76 in fourth quarter 2010.
- Crescent Point maintained consistent monthly dividends of $0.23 per share, totaling $0.69 per share for fourth quarter 2011. This is unchanged from $0.69 per share paid in fourth quarter 2010. On an annualized basis, the fourth quarter dividend equates to a yield of 6.5 percent, based on a volume weighted average quarterly share price of $42.44.

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, 2011.

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, 2011, designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework Crescent Point's officers used to design the Company's ICFR is the Internal Control - Integrated Framework ("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, 2011 based on the COSO Framework. Based on this evaluation, the officers concluded that as of December 31, 2011, 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, 2011 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, $20.7 million has been contributed to the fund and $17.6 million has been expended in order to reduce greenhouse gas emissions and to meet and exceed provincial and federal targets.

Outlook

Crescent Point's upwardly revised 2012 guidance is as follows:

Production	**Prior**	**Revised**
Oil and NGL (bbls/d)	78,000	78,500
Natural gas (mcf/d)	48,000	48,000
Total (boe/d)	86,000	86,500
Exit (boe/d)	93,000	94,000
Funds flow from operations ($000)	1,490,000	1,500,000
Funds flow per share – diluted ($)	4.72	4.74
Cash dividends per share ($)	2.76	2.76
Capital expenditures ($000) (1)	1,200,000	1,200,000
Wells drilled, net	389	389
Pricing		
Crude oil – WTI (US$/bbl)	95.00	100.00
Crude oil – WTI (Cdn$/bbl)	98.96	102.04
Natural gas – Corporate (Cdn$/mcf)	3.25	2.75
Exchange rate (US$/Cdn$)	0.96	0.98

(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

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

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", "Decommissioning Liability", "Liquidity and Capital Resources", "Critical Accounting Estimates", "Future Changes in Accounting Policies" and "Outlook".

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

- Crescent Point's 2012 guidance as outlined in the Outlook section;
- Maintaining monthly dividends;
- Expected oil differentials in 2012; and
- Target average net debt to 12 month funds flow of approximately 1.0 times.

All of the material assumptions underlying these statements are noted in the "Dividends", "Capital Expenditures", Decommissioning Liability", "Liquidity and Capital Resources", "Critical Accounting Estimates" and "Outlook" sections of this report.

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

Barrels of oil equivalent ("boes") may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

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 International Financial Reporting Standards as issued by the International Accounting Standards Board and include certain estimates that reflect management's best estimates and judgments. Management has determined such amounts on a reasonable basis in order to 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, 2011. 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 14, 2012

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Crescent Point Energy Corp.

Report on the consolidated financial statements
We have audited the accompanying consolidated financial statements of Crescent Point Energy Corp., which comprise the consolidated balance sheets as at December 31, 2011, December 31, 2010 and January 1, 2010 and the consolidated statements of income and comprehensive income, changes in shareholders' equity and cash flows for the years ended December 31, 2011 and December 31, 2010, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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 International Financial Reporting Standards as issued by the International Accounting Standards Board 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence, on a test basis, 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 Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting principles and 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 on the consolidated financial statements.

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, 2011, December 31, 2010 and January 1, 2010 and its financial performance and cash flows for the years ended December 31, 2011 and December 31, 2010, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

PricewaterhouseCoopers LLP

Chartered Accountants
Calgary, Alberta
March 14, 2012

CONSOLIDATED BALANCE SHEETS

(Cdn$000s)	Notes	As at December 31, 2011	December 31, 2010	January 1, 2010
ASSETS				
Accounts receivable		**292,811**	199,977	141,887
Investment in marketable securities		**646**	908	1,092
Prepaids and deposits		**4,842**	4,698	8,861
Derivative asset	22	**10,216**	7,087	1,675
Total current assets		**308,515**	212,670	153,515
Long-term investments	4	**151,917**	62,164	23,440
Investment in associate	5	**-**	-	206,315
Derivative asset	22	**8,609**	5,106	3,845
Other long-term assets	6	**18,909**	12,211	12,742
Exploration and evaluation	7, 8	**866,363**	1,115,371	586,467
Property, plant and equipment	8, 9	**7,172,461**	6,328,690	4,352,812
Goodwill	10	**207,672**	207,672	100,294
Total assets		**8,734,446**	7,943,884	5,439,430
LIABILITIES				
Accounts payable and accrued liabilities		**553,176**	343,691	210,515
Cash dividends payable		**26,106**	27,533	22,890
Derivative liability	22	**101,997**	78,707	20,080
Total current liabilities		**681,279**	449,931	253,485
Long-term debt	11	**1,099,028**	1,006,451	519,127
Derivative liability	22	**64,220**	74,630	42,243
Long-term compensation liability	20	**1,214**	-	-
Decommissioning liability	12	**379,616**	324,727	216,470
Deferred income tax	19	**652,533**	596,057	486,680
Total liabilities		**2,877,890**	2,451,796	1,518,005
SHAREHOLDERS' EQUITY				
Shareholders' capital	13	**7,746,408**	6,839,358	4,710,290
Contributed surplus		**126,034**	108,890	58,282
Deficit	14	**(2,023,751)**	(1,453,523)	(846,924)
Accumulated other comprehensive income (loss)		**7,865**	(2,637)	(223)
Total shareholders' equity		**5,856,556**	5,492,088	3,921,425
Total liabilities and shareholders' equity		**8,734,446**	7,943,884	5,439,430

Commitments (Note 24)

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 INCOME AND COMPREHENSIVE INCOME

For the years ended December 31 (Cdn$000s, except per share amounts)	Notes	**2011**	2010
REVENUE AND OTHER INCOME			
Oil and gas sales		**2,191,189**	1,535,764
Royalties		**(375,679)**	(282,509)
Oil and gas revenue		**1,815,510**	1,253,255
Derivative losses	16, 22	**(86,349)**	(90,810)
Other income	17	**16,451**	38,213
		1,745,612	1,200,658
EXPENSES			
Operating		**300,735**	247,989
Transportation		**51,469**	37,120
General and administrative		**38,132**	40,851
Interest on long-term debt		**60,410**	59,244
Foreign exchange (gain) loss	18	**17,460**	(6,518)
Share-based compensation	20	**69,736**	60,339
Depletion, depreciation and amortization		**939,530**	685,210
Accretion on decommissioning liability		**9,661**	9,552
		1,487,133	1,133,787
Operating income		**258,479**	66,871
Share of profit of associate		**-**	673
Income before tax		**258,479**	67,544
Tax expense (recovery)			
Current	19	**(3,408)**	1
Deferred	19	**60,753**	16,622
Net income		**201,134**	50,921
Other comprehensive income (loss)			
Foreign currency translation of foreign operations		**10,502**	(2,414)
Comprehensive income		**211,636**	48,507
Net income per share	21		
Basic		**0.73**	0.22
Diluted		**0.72**	0.21

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Cdn$000s)	Notes	Shareholders' capital	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
December 31, 2010		**6,839,358**	**108,890**	**(1,453,523)**	**(2,637)**	**5,492,088**
Issued for cash	13	**392,588**				**392,588**
Issued pursuant to the DRIP [1]	13	**417,012**				**417,012**
To be issued pursuant to the DRIP [1]	13	**40,140**				**40,140**
Exercise of restricted shares	13	**69,320**	**(72,624)**			**(3,304)**
Share issue costs, net of tax		**(12,010)**				**(12,010)**
Share-based compensation	20		**88,522**			**88,522**
Forfeit of restricted shares	20		**1,246**			**1,246**
Net income				**201,134**		**201,134**
Dividends ($2.76 per share)				**(771,362)**		**(771,362)**
Foreign currency translation adjustment					**10,502**	**10,502**
December 31, 2011		**7,746,408**	**126,034**	**(2,023,751)**	**7,865**	**5,856,556**
January 1, 2010		4,710,290	58,282	(846,924)	(223)	3,921,425
Issued for cash		750,300				750,300
Issued on capital acquisitions		1,004,831				1,004,831
Issued pursuant to the DRIP [1]		343,306				343,306
To be issued pursuant to the DRIP [1]		33,666				33,666
Exercise of restricted shares		20,354	(32,194)			(11,840)
Share issue costs, net of tax		(23,389)				(23,389)
Share-based compensation			83,136			83,136
Forfeit of restricted shares			(334)			(334)
Net income				50,921		50,921
Dividends ($2.76 per share)				(657,520)		(657,520)
Foreign currency translation adjustment					(2,414)	(2,414)
December 31, 2010		6,839,358	108,890	(1,453,523)	(2,637)	5,492,088

(1) Dividend reinvestment plan

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31 (Cdn$000s)	Notes	2011	2010
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Net income		**201,134**	50,921
Items not affecting cash			
Other income	17	**(11,159)**	(38,213)
Deferred tax expense		**60,753**	16,622
Share-based compensation	20	**69,736**	60,339
Depletion, depreciation and amortization		**939,530**	685,210
Accretion on decommissioning liability		**9,661**	9,552
Unrealized losses on derivatives	16, 22	**6,248**	96,328
Unrealized (gain) loss on foreign exchange	18	**14,675**	(6,535)
Share of profit of associate		**-**	(673)
Decommissioning expenditures		**(3,685)**	(2,748)
Change in non-cash working capital	26	**36,078**	(54,349)
		1,322,971	816,454
INVESTING ACTIVITIES			
Development capital and other expenditures		**(1,252,486)**	(971,667)
Capital acquisitions, net	8	**(205,946)**	(640,457)
Other long-term assets		**(6,698)**	421
Long-term investments		**(83,356)**	1,465
Change in non-cash working capital	26	**90,172**	64,196
		(1,458,314)	(1,546,042)
FINANCING ACTIVITIES			
Issue of shares, net of issue costs		**372,965**	706,420
Increase in long-term debt		**78,015**	299,071
Cash dividends		**(314,210)**	(280,547)
Change in non-cash working capital	26	**(1,427)**	4,644
		135,343	729,588
INCREASE IN CASH		**-**	-
CASH AT BEGINNING OF YEAR		**-**	-
CASH AT END OF YEAR		**-**	-

See accompanying notes to the consolidated financial statements.

Supplementary Information:

Cash taxes paid (recovered)	**(1,431)**	3,688
Cash interest paid	**54,474**	59,857

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2011 and 2010 and January 1, 2010

1. STRUCTURE OF THE BUSINESS

The principal undertakings of Crescent Point Energy Corp. (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.

Crescent Point is the ultimate parent company and is incorporated in Alberta, Canada under the Alberta Business Corporations Act. The address of the principal place of business is 2800, 111 – 5th Ave S.W., Calgary, Alberta, Canada, T2P 3Y6.

These annual consolidated financial statements were approved and authorized for issue by the Company's Board of Directors on March 14, 2012.

2. BASIS OF PREPARATION

a) Preparation

These financial statements represent the first annual consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). IFRS are now considered generally accepted accounting principles in Canada. These annual consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of annual consolidated financial statements, including IFRS 1, *First-time Adoption of International Financial Reporting Standards*. Prior to 2011, the Company prepared its annual consolidated financial statements in accordance with Canadian generally accepted accounting principles ("previous GAAP").

The preparation of these annual consolidated financial statements resulted in changes to Crescent Point's accounting policies as compared to those disclosed in the Company's annual audited consolidated financial statements for the year ended December 31, 2010 issued under previous GAAP. A summary of the significant changes to Crescent Point's accounting policies is disclosed in Note 30, including an explanation of how the transition to IFRS has affected the reported balance sheet, changes to shareholders' equity, income and comprehensive income, and cash flows of the Company.

b) Basis of measurement, functional and presentation currency

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

c) Use of estimates and judgments

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

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

For purposes of impairment testing, property, plant and equipment ("PP&E") is aggregated into cash-generating units ("CGUs"), based on separately identifiable and largely independent cash inflows. The determination of the Company's CGUs is subject to judgment.

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

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

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

The estimated fair value of derivative instruments resulting in derivative assets and liabilities, by their very nature, are subject to measurement uncertainty.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

a) Principles of Consolidation

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

Investments in associates are accounted for using the equity method. The Company used the equity method to account for its investment in Shelter Bay Energy Inc. ("Shelter Bay"). Refer to Note 5 "Investment in Associate" for additional information.

Interests in jointly controlled assets are accounted for using the proportionate consolidation method, whereby these consolidated financial statements include the Company's proportionate share of these jointly controlled assets, liabilities, and revenue and expenses.

b) Property, Plant and Equipment

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

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

Depletion and Depreciation

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

Corporate assets are depreciated over 5 years on a straight-line basis.

Impairment

The carrying amounts of PP&E are grouped into CGUs and reviewed quarterly for indicators of impairment. Indicators are events or changes in circumstances that indicate the carrying amount may not be recoverable. If indicators of impairment exist, the recoverable amount of the CGU is estimated. If the carrying amount of the CGU exceeds the recoverable amount, the CGU is written down with an impairment recognized in net income.

Assets are grouped into CGUs based on separately identifiable and largely independent cash inflows considering geological characteristics, shared infrastructure and exposure to market risks. Estimates of future cash flows used in the calculation of the recoverable amount are based on reserve evaluation reports prepared by independent petroleum reservoir engineers. The recoverable amount is the higher of fair value less cost to sell and the value-in-use. Fair value less cost to sell is derived by estimating the discounted after-tax future net cash flows. Discounted future net cash flows are based on forecasted commodity prices and costs over the expected economic life of the reserves and discounted using market-based rates to reflect a market participant's view of the risks associated with the assets. Value-in-use is assessed using the expected future cash flows discounted at a pre-tax rate.

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

c) Exploration and Evaluation

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

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

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

Amortization

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

Impairment

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) indicators suggest that the carrying amount exceeds the recoverable amount. Exploration and evaluation assets are tested for impairment at the operating segment level by combining E&E assets with PP&E. The recoverable amount is the greater of fair value less cost to sell or value-in-use. Fair value less cost to sell is derived by estimating the discounted after-tax future net cash flows as described in the PP&E impairment test, plus the fair market value of undeveloped land and seismic. Value-in-use is assessed using the present value of the expected future cash flows discounted at a pre-tax rate.

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

d) Decommissioning Liability

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

e) Reclamation Fund

The Company established a reclamation fund to fund future decommissioning costs and environmental emissions reduction costs. Effective April 1, 2010, the Board of Directors approved contributions of $0.45 per barrel of oil equivalent ("boe") of production; prior to this, 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 business combination when the purchase price exceeds the fair value of the net identifiable assets and liabilities of the acquired business. The goodwill balance is assessed for impairment annually or as events occur that could result in impairment. Goodwill is tested for impairment at an operating segment level by combining the carrying amounts of PP&E, E&E assets and goodwill and comparing this to the recoverable amount. The recoverable amount is the greater of fair value less cost to sell or value-in-use. Fair value less cost to sell is derived by estimating the discounted after-tax future net cash flows as described in the PP&E impairment test, plus the fair market value of undeveloped land and seismic. Value-in-use is assessed using the present value of the expected future cash flows discounted at a pre-tax rate. Any excess of the carrying amount over the recoverable amount is the impairment amount. Impairment charges, which are not tax affected, are recognized in net income. Goodwill is reported at cost less any impairment; impairments are not reversed.

g) Share-based Compensation

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

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

h) Income Taxes

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

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

i) Financial Instruments

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

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

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

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

<u>Financial derivative instruments</u>

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

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

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

Financial assets and liabilities

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

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

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

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

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

For investments in equity instruments, the subsequent measurement is dependent on the Company’s election to classify such instruments as fair value through profit or loss or fair value through other comprehensive income. Currently, the Company classifies all investments in equity instruments as fair value through profit or loss, whereby the Company recognizes movements in the fair value of the investment (adjusted for dividends) in net income. If the fair value through other comprehensive income classification is selected, the Company would recognize any dividends from the investment in net income and would recognize fair value re-measurements of the investment in other comprehensive income. Regardless of the classification, such investments are not subject to impairment testing.

j) Business Combinations

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

k) Foreign Currency Translation

Foreign operations

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

Foreign transactions

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

l) Revenue Recognition

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

m) Cash and Cash Equivalents

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

n) Leases

Agreements under which payments are made to owners in return for the right to use an asset for a period are accounted for as leases. All of the Company’s leases are treated as operating leases and the costs are recognized in net income on a straight-line basis.

o) Earnings Per Share

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

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

p) Future Changes in Accounting Policies

The following standards and amendments have not been adopted as they apply to future periods. They may result in future changes to our existing accounting policies and disclosures. Crescent Point is currently evaluating the impact that these standards will have on the Company's results of operations and financial position:

- IFRS 10 *Consolidated Financial Statements* – in May 2011, the IASB issued IFRS 10 which provides additional guidance to determine whether an investee should be consolidated. The guidance applies to all investees, including special purpose entities. The standard is required to be adopted for periods beginning January 1, 2013.

- IFRS 11 *Joint Arrangements* – in May 2011, the IASB issued IFRS 11 which presents a new model for determining whether an entity should account for joint arrangements using proportionate consolidation or the equity method. An entity will have to follow the substance rather than legal form of a joint arrangement and will no longer have a choice of accounting method. The standard is required to be adopted for periods beginning January 1, 2013.

- IFRS 12 *Disclosure of Interests in Other Entities* – in May 2011, the IASB issued IFRS 12 which aggregates and amends disclosure requirements included within other standards. The standard requires an entity to provide disclosures about subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard is required to be adopted for periods beginning January 1, 2013.

- IFRS 13 *Fair Value Measurement* – in May 2011, the IASB issued IFRS 13 to provide comprehensive guidance for instances where IFRS requires fair value to be used. The standard provides guidance on determining fair value and requires disclosures about those measurements. The standard is required to be adopted for periods beginning January 1, 2013.

- IAS 1 *Presentation of Items of Other Comprehensive Income* – in June 2011, the IASB issued amendments to IAS 1 Presentation of Financial Statements to separate items of other comprehensive income that may be subsequently reclassed to income. The standard is required to be adopted for periods beginning on or after July 1, 2012.

- IAS 27 *Separate Financial Statements* has been amended to conform to the changes made in IFRS 10 but retains the current guidance for separate financial statements.

- IAS 28 *Investments in Associates and Joint Ventures* has been amended to conform to the changes made in IFRS 10 and IFRS 11.

- IFRS 7 *Financial Instruments: Disclosures* – in December 2011, the IASB issued amendments to provide more extensive quantitative disclosures for financial instruments that are offset in the statement of financial position or that are subject to enforceable master netting or similar agreements. The standard is required to be adopted retrospectively for periods beginning on or after January 1, 2013.

- IAS 32 *Financial Instruments: Presentation* – in December 2011, the IASB issued amendments to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right to offset must be available on the current date and cannot be contingent on a future event. The standard is required to be adopted retrospectively for periods beginning on or after January 1, 2014.

4. LONG-TERM INVESTMENTS

a) Public Companies

The Company holds common shares in publicly traded oil and gas companies. The investments are classified as financial assets at fair value through profit or loss and are fair valued with the resulting gain or loss recorded in net income. The investments are recorded at fair value which is $0.9 million more than the original cost of the investments.

b) Private Companies

The Company holds common shares in a private oil and gas company. The investment is classified as a financial asset at fair value through profit or loss and is fair valued with the resulting gain or loss recorded in net income. The investment is recorded at fair value which is $8.3 million more than the original cost of the investment.

5. INVESTMENT IN ASSOCIATE

During the first quarter of 2008, the Company invested in Shelter Bay Energy Inc. ("Shelter Bay"), a private oil company. At January 1, 2010, the Company's investment 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 $5.9 million.

On July 2, 2010, the Company completed the acquisition, by plan of arrangement, of the remaining shares it did not already own in Shelter Bay. See Note 8 – "Capital Acquisitions and Dispositions".

6. OTHER LONG-TERM ASSETS

($000s)	**December 31, 2011**	December 31, 2010	January 1, 2010
Reclamation fund	**7,816**	3,001	3,422
Other receivables	**11,093**	9,210	9,320
Other long-term assets	**18,909**	12,211	12,742

a) Reclamation fund

The following table reconciles the reclamation fund:

($000)	**2011**	2010
Balance, beginning of year	**3,001**	3,422
Contributions	**12,122**	9,365
Actual expenditures	**(7,307)**	(9,786)
Balance, end of year	**7,816**	3,001

b) Other receivables

At December 31, 2011, the Company had investment tax credits of approximately $11.1 million (December 31, 2010 - $9.2 million).

7. EXPLORATION AND EVALUATION ASSETS

($000s)	**2011**	2010
Exploration and evaluation assets at cost	**1,242,573**	1,270,380
Accumulated amortization	**(376,210)**	(155,009)
Net carrying amount	**866,363**	1,115,371
Reconciliation of movements during the year		
Cost, beginning of year	**1,270,380**	586,467
Accumulated amortization, beginning of year	**(155,009)**	-
Net carrying amount, beginning of year	**1,115,371**	586,467
Net carrying amount, beginning of year	**1,115,371**	586,467
Acquisitions through business combinations, net	**116,257**	469,253
Additions	**371,273**	351,878
Dispositions	**(226)**	(738)
Transfers to property, plant and equipment	**(523,349)**	(133,392)
Amortization	**(220,521)**	(155,221)
Foreign exchange	**7,558**	(2,876)
Net carrying amount, end of year	**866,363**	1,115,371

Exploration and evaluation assets consist of the Company's undeveloped land and exploration projects which are pending the determination of technical feasibility. Additions represent the Company's share of the cost of E&E assets during the period. At December 31, 2011, $866.4 million remains in E&E assets after $523.3 million was transferred to PP&E following the determination of technical feasibility during the year ended December 31, 2011 (year ended December 31, 2010 – $1.1 billion and $133.4 million, respectively).

Impairment test of exploration and evaluation assets

There were no indicators of impairment at December 31, 2011 and 2010.

8. CAPITAL ACQUISITIONS AND DISPOSITIONS

a) Corporate Acquisitions

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.

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 (a combined $1.2 billion was allocated to PP&E and E&E assets). The goodwill recognized on acquisition is attributed to the expected future cash flows derived from unbooked possible reserves.

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

	($000s)
Fair value of net assets acquired	
Long-term investment	36,633
Accounts receivable	16,152
Derivative assets	11,987
Property, plant and equipment	1,052,769
Exploration and evaluation	196,753
Goodwill	107,378
Accounts payable and accrued liabilities	(45,771)
Long-term debt	(137,687)
Decommissioning liability	(11,091)
Deferred tax liability	(90,306)
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 (a combined $107.6 million was allocated to PP&E and E&E assets).

	($000s)
Fair value of net assets acquired	
Accounts receivable	2,337
Property, plant and equipment	43,430
Exploration and evaluation	64,195
Accounts payable and accrued liabilities	(22,159)
Long-term debt	(49,018)
Decommissioning liability	(7,418)
Deferred 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 (a combined $122.4 million was allocated to PP&E and E&E assets).

The carrying amount of Crescent Point's investment in Ryland on August 20, 2010 was $7.8 million and the fair value was estimated at $7.6 million resulting in a loss of $0.2 million.

	($000s)
Fair value of net assets acquired	
Accounts receivable	356
Property, plant and equipment	7,273
Exploration and evaluation	115,159
Accounts payable and accrued liabilities	(22,376)
Long-term debt	(8,145)
Decommissioning liability	(1,050)
Deferred 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) Property Acquisitions and Dispositions

Property acquisitions and dispositions during the year ended December 31, 2011 amounted to net additions to PP&E and E&E assets of $201.3 million ($202.6 million was allocated to PP&E and E&E assets). These property acquisitions were acquired with full tax pools and no working capital items.

9. PROPERTY, PLANT AND EQUIPMENT

($000s)	**2011**	2010
Development and production assets	**8,409,567**	6,847,972
Corporate assets	**17,109**	15,831
Property, plant and equipment at cost	**8,426,676**	6,863,803
Accumulated depletion and depreciation	**(1,254,215)**	(535,113)
Net carrying amount	**7,172,461**	6,328,690
Reconciliation of movements during the year		
Development and production assets		
Cost, beginning of year	**6,847,972**	4,343,663
Accumulated depletion, beginning of year	**(527,828)**	-
Net carrying amount, beginning of year	**6,320,144**	4,343,663
Net carrying amount, beginning of year	**6,320,144**	4,343,663
Acquisitions through business combinations, net	**87,184**	1,675,354
Additions	**948,698**	699,382
Dispositions	**(586)**	(3,643)
Transfers from exploration and evaluation assets	**523,349**	133,392
Depletion	**(716,789)**	(527,839)
Foreign exchange	**2,858**	(165)
Net carrying amount, end of year	**7,164,858**	6,320,144
Cost, end of year	**8,409,567**	6,847,972
Accumulated depletion, end of year	**(1,244,709)**	(527,828)
Net carrying amount, end of year	**7,164,858**	6,320,144
Corporate assets		
Cost, beginning of year	**15,831**	14,284
Accumulated depreciation, beginning of year	**(7,285)**	(5,135)
Net carrying amount, beginning of year	**8,546**	9,149
Net carrying amount, beginning of year	**8,546**	9,149
Additions	**1,274**	1,547
Depreciation	**(2,220)**	(2,150)
Foreign exchange	**3**	-
Net carrying amount, end of year	**7,603**	8,546
Cost, end of year	**17,109**	15,831
Accumulated depreciation, end of year	**(9,506)**	(7,285)
Net carrying amount, end of year	**7,603**	8,546

At December 31, 2011, future development costs of $3.8 billion (December 31, 2010 – $3.1 billion) are included in costs subject to depletion.

Direct general and administrative costs capitalized by the Company during the year ended December 31, 2011 was $33.7 million (year ended December 31, 2010 – $34.0 million), including $21.2 million of share-based compensation costs (year ended December 31, 2010 – $22.5 million).

Impairment test of property, plant and equipment

There were no indicators of impairment at December 31, 2011 and 2010.

10. GOODWILL

($000s)	**2011**	2010
Balance, beginning of year	**207,672**	100,294
Shelter Bay acquisition	**-**	107,378
Goodwill, end of year	**207,672**	207,672

Goodwill has been assigned to the Canadian operating segment.

Impairment test of goodwill

The impairment test of goodwill at December 31, 2011 and 2010 concluded that the estimated recoverable amount exceeded the carrying amount. As such, no goodwill impairment existed.

For the purposes of determining whether impairment of assets has occurred, and the extent of any impairment or its reversal, management exercises their judgment in estimating future cash flows for the recoverable amount, being the higher of fair value less costs to sell and value in use. These key judgments include estimates about recoverable reserves (see Use of estimates and judgements discussion in Note 2c), forecast benchmark commodity prices, royalties, operating costs and discount rates.

Forecast benchmark commodity price assumptions tend to be stable because short-term increases or decreases in prices are not considered indicative of long-term price levels, but are nonetheless subject to change.

The following table outlines the forecast benchmark commodity prices and the exchange rate used in the impairment calculation of property, plant and equipment at December 31, 2011. The Company used an after-tax discount rate of 10 percent.

	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**[3]
WTI ($US/bbl)	97.00	100.00	100.00	100.00	100.00	100.00	101.35	103.38	105.45	107.56
Exchange rate (US$/Cdn$)	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98
WTI (Cdn$/bbl)	98.98	102.04	102.04	102.04	102.04	102.04	103.42	105.49	107.60	109.76
AECO (Cdn$/mmbtu)	3.49	4.13	4.59	5.05	5.51	5.97	6.21	6.33	6.46	6.58

(1) Source: GLJ Petroleum Consultants price forecast, effective January 1, 2012.

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

(3) Forecast benchmark commodity prices are assumed to increase by 2% in each year after 2021 to the end of the reserve life. Exchange rates are assumed to be constant at 0.98.

Changes in any of the key judgments, such as a downward revision in reserves, a decrease in forecast benchmark commodity prices, an increase in royalties, or an increase in operating costs would decrease the recoverable amounts of assets and any impairment charges would effect income.

11. LONG-TERM DEBT

The following table reconciles long-term debt:

($000s)	**December 31, 2011**	December 31, 2010	January 1, 2010
Bank credit facilities	**566,803**	697,847	519,127
Senior guaranteed notes			
Cdn$50.0 million (Matures March 24, 2015)	**50,000**	50,000	-
US$37.5 million (Matures March 24, 2015)	**38,138**	37,299	-
US$52.0 million (Matures April 14, 2016)	**52,884**	-	-
US$67.5 million (Matures March 24, 2017)	**68,647**	67,137	-
US$31.0 million (Matures April 14, 2018)	**31,527**	-	-
US$155.0 million (Matures March 24, 2020)	**157,635**	154,168	-
Cdn$50.0 million (Matures April 14, 2021)	**50,000**	-	-
US$82.0 million (Matures April 14, 2021)	**83,394**	-	-
Long-term debt	**1,099,028**	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 constitutes a revolving credit facility for a three year term which is extendible annually for a 1, 2 or 3 year period; the current maturity date is June 10, 2014. The operating credit facility constitutes a revolving facility for a 364 day term which is extendible annually for a further 364 day revolving period, subject to a one year term out period should the lender not agree to an annual extension; the current conversion date is June 8, 2012. 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, 2011.

The Company has letters of credit in the amount of $10.1 million outstanding at December 31, 2011.

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

b) Senior Guaranteed Notes

The Company has closed private offerings of senior guaranteed notes raising total gross proceeds of US$425.0 million and Cdn$100.0 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$52.0 million	3.93%	October 14 and April 14	April 14, 2016
US$67.5 million	5.48%	September 24 and March 24	March 24, 2017
US$31.0 million	4.58%	October 14 and April 14	April 14, 2018
US$155.0 million	6.03%	September 24 and March 24	March 24, 2020
Cdn$50.0 million	5.53%	October 14 and April 14	April 14, 2021
US$82.0 million	5.13%	October 14 and April 14	April 14, 2021

Concurrent with the issuance of the US$425.0 million senior guaranteed notes on March 24, 2010 and April 14, 2011, 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 fix the US dollar amount of the notes for purposes of interest and principal repayments at a notional amount of $424.6 million. See additional information in Note 22 – "Financial Instruments and Derivatives".

12. DECOMMISSIONING LIABILITY

The following table reconciles the decommissioning liability:

($000s)	**2011**	2010
Decommissioning liability, beginning of year	**324,727**	216,470
Liabilities incurred	**21,520**	16,508
Liabilities acquired through capital acquisitions	**1,386**	42,979
Liabilities disposed through capital dispositions	**(69)**	(86)
Liabilities settled	**(3,685)**	(2,748)
Change in estimate	**26,076**	42,052
Accretion expense	**9,661**	9,552
Decommissioning liability, end of year	**379,616**	324,727

The total future decommissioning liability was estimated by management based on the Company's net ownership in all wells and facilities. This includes all estimated costs to reclaim and abandon the wells and facilities and the estimated timing of the costs to be incurred in future periods. The Company has estimated the net present value of its total decommissioning liability to be $379.6 million at December 31, 2011 (December 31, 2010 – $324.7 million) based on total estimated undiscounted cash flows to settle the obligation of $400.4 million (December 31, 2010 – $362.8 million). These obligations are expected to be settled through 2041, with the majority expected after 2020. The estimated cash flows have been discounted using an average risk free rate of approximately 2.5 percent and an inflation rate of 2 percent (December 31, 2010 – approximately 3 percent and 2 percent, respectively).

The change in estimate relates to changes in the discount rates, cost assumptions and abandonment timeline.

13. SHAREHOLDERS' CAPITAL

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

		2011		2010
	Number of shares	**Amount ($000s)**	Number of shares	Amount ($000s)
Common shares, beginning of year	**266,911,154**	**6,956,216**	209,389,932	4,803,759
Issued for cash	**9,025,000**	**392,588**	19,400,000	750,300
Issued on capital acquisitions	**-**	**-**	27,316,842	1,004,831
Issued on exercised restricted shares (1)	**1,896,439**	**69,320**	774,497	20,354
Issued pursuant to the dividend reinvestment plan	**10,192,872**	**417,012**	9,204,120	343,306
Common shares, end of year	**288,025,465**	**7,835,136**	266,085,391	6,922,550
Cumulative share issue costs, net of tax	**-**	**(128,868)**	-	(116,858)
To be issued pursuant to the dividend reinvestment plan	**926,706**	**40,140**	825,763	33,666
Total shareholders' capital, end of year	**288,952,171**	**7,746,408**	266,911,154	6,839,358

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

14. DEFICIT

($000s)	**December 31, 2011**	December 31, 2010	January 1, 2010
Accumulated earnings	**718,820**	517,686	466,765
Accumulated dividends	**(2,742,571)**	(1,971,209)	(1,313,689)
Deficit	**(2,023,751)**	(1,453,523)	(846,924)

15. 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:

($000s)	**December 31, 2011**	December 31, 2010	January 1, 2010
Long-term debt	**1,099,028**	1,006,451	519,127
Working (capital) deficiency (1)	**129,066**	103,477	(148,190)
Unrealized foreign exchange gain (loss) on translation of US dollar senior guaranteed notes	**(7,950)**	6,535	-
Net debt	**1,220,144**	1,116,463	370,937
Shareholders' equity	**5,856,556**	5,492,088	3,921,425
Total capitalization	**7,076,700**	6,608,551	4,292,362

(1) Working (capital) deficiency is calculated as current liabilities less current assets, excluding derivative asset and liability, less long-term investments and investment in associate.

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 and investment in associate, excluding derivative asset, derivative liability 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 decommissioning 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, manages its exposure to fluctuating interest rates and foreign exchange rates on its long-term debt, and actively hedges commodity prices using a 3½ year risk management program by hedging up to 65 percent of after royalty volumes using a portfolio of swaps, collars and put option instruments.

Crescent Point is subject to certain financial covenants in its credit facility agreements and is in compliance with all financial covenants as of December 31, 2011.

16. DERIVATIVE LOSSES

($000s)	**2011**	2010
Realized gains (losses)	**(80,101)**	5,518
Unrealized losses	**(6,248)**	(96,328)
Derivative losses	**(86,349)**	(90,810)

17. OTHER INCOME

($000s)	**2011**	2010
Unrealized loss on investment in marketable securities	**(262)**	(184)
Gain on purchase of Alberta drilling credits	**1,963**	-
Unrealized gain on long-term investments	**2,997**	10,286
Lawsuit settlement	**3,200**	-
Gains on sale of long-term investments	**3,530**	31,190
Other	**5,023**	(3,079)
Other income	**16,451**	38,213

18. FOREIGN EXCHANGE GAIN (LOSS)

($000s)	**2011**	2010
Realized		
Foreign exchange gain (loss)	**(1,574)**	71
Unrealized		
Foreign exchange gain (loss) on translation of US dollar senior guaranteed notes	**(14,485)**	6,535
Other foreign exchange loss	**(1,401)**	(88)
Foreign exchange gain (loss)	**(17,460)**	6,518

19. INCOME TAXES

The provision for income taxes is as follows:

($000)	**2011**	2010
Current tax:		
Canada	**(3,412)**	1
United States	**4**	-
Current expense (recovery)	**(3,408)**	1
Deferred tax:		
Canada	**69,859**	18,078
United States	**(9,106)**	(1,456)
Deferred expense	**60,753**	16,622
Income tax expense	**57,345**	16,623

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

($000)	**2011**	2010
Income before income taxes	**258,479**	67,544
Statutory income tax rate	**27.64%**	29.14%
Expected provision for income taxes	**71,444**	19,682
Effect of change in corporate tax rates	**(22,554)**	3,101
Other	**8,455**	(6,160)
Income tax expense	**57,345**	16,623

The statutory combined federal and provincial income tax rate decreased from 29.14% in 2010 to 27.64% in 2011 due to a federal tax rate reduction of 1.5% which brings the federal corporate income tax rate to 16.50%.

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

($000s)	**December 31, 2011**	December 31, 2010	January 1, 2010
Deferred income tax:			
To be settled within 12 months	**23,992**	18,721	4,900
To be settled after more than 12 months	**(676,525)**	(614,778)	(491,580)
Deferred income tax	**(652,533)**	(596,057)	(486,680)

The movement in deferred income tax liabilities and assets is as follows:

($000)	At Jan 1, 2011	(Charges) / credits due to acquisitions & other	(Charged) / credited to earnings	**At Dec 31, 2011**
Deferred income tax assets:				
Decommissioning liability	85,225	-	14,376	**99,601**
Income tax losses carried forward	156,712	-	6,810	**163,522**
Share issue costs	25,233	4,308	(8,278)	**21,263**
Risk management contracts	40,082	-	3,367	**43,449**
Other	-	-	284	**284**
	307,252	4,308	16,559	**328,119**
Deferred income tax liabilities:				
Property, plant & equipment	(687,823)	(31)	(72,411)	**(760,265)**
Timing of partnership items	(207,406)	-	(8,060)	**(215,466)**
Risk management contracts	(3,187)	-	(1,734)	**(4,921)**
Other	(4,893)	-	4,893	**-**
	(903,309)	(31)	(77,312)	**(980,652)**
Net deferred income tax liabilities	(596,057)	4,277	(60,753)	**(652,533)**

($000)	At Jan 1, 2010	(Charges) / credits due to acquisitions & other	(Charged) / credited to earnings	At Dec 31, 2010
Deferred income tax assets:				
Decommissioning liability	56,482	5,169	23,574	85,225
Income tax losses carried forward	116,878	-	39,834	156,712
Share issue costs	17,801	14,408	(6,976)	25,233
Risk management contracts	16,594	-	23,488	40,082
	207,755	19,577	79,920	307,252
Deferred income tax liabilities:				
Property, plant & equipment	(605,416)	(107,694)	25,287	(687,823)
Timing of partnership items	(85,427)	-	(121,979)	(207,406)
Risk management contracts	(1,470)	(3,172)	1,455	(3,187)
Other	(2,122)	(1,466)	(1,305)	(4,893)
	(694,435)	(112,332)	(96,542)	(903,309)
Net deferred income tax liabilities	(486,680)	(92,755)	(16,622)	(596,057)

The approximate amounts of tax pools available are as follows:

($000s)	**December 31, 2011**	December 31, 2010	January 1, 2010
Tax pools:			
Canada	**5,535,275**	5,476,213	3,107,178
United States	**278,958**	50,126	-
Total	**5,814,233**	5,526,339	3,107,178

The tax pools presented do not include the impact of income from the general partnership for its fiscal period ended December 31, 2011 for which the corporation is entitled to claim a reserve for current income tax purposes. Including the impact of income from the general partnership which is taxable to the corporation in future years, the net tax pools remaining at December 31, 2011 are approximately $5.0 billion (December 31, 2010 – $4.7 billion).

The above tax pools include estimated Canadian non-capital losses carried forward of $621.3 million (December 31, 2010 – $592.8 million) that expire in the years 2013 through 2030, and U.S. net operating losses of $17.4 million (December 31, 2010 – $12.1 million) which expire in the years 2024 through 2030. A deferred income tax asset has not been recognized for U.S. net operating losses of $14.6 million (December 31, 2010 – $12.1 million) as there is not sufficient certainty regarding future utilization.

A deferred tax liability (asset) has not been recognized in respect of temporary differences associated with investments in subsidiaries as it is not likely that the temporary differences will reverse in the foreseeable future. The deductible temporary differences associated with investments in subsidiaries is approximately $24.0 million (December 31, 2010 – $7.7 million).

On December 15, 2011, Federal Bill C-13 received royal assent and implemented the measure introduced in the June 2011 budget to limit the ability of a corporation to defer the taxation of income earned through a partnership.

20. SHARE-BASED COMPENSATION

Restricted Share Bonus Plan

The Company has a Restricted Share Bonus Plan pursuant to which the Company may grant restricted shares to directors, officers, employees and consultants. The restricted shares vest at 33⅓ percent on each of the first, second and third anniversaries of the grant date or on such other terms as the Board of Directors may determine.

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

Deferred Share Unit Plan

In December 2011, the Company approved a DSU Plan for directors. Each DSU fully vests on the date of the grant, however the settlement of the DSU occurs only on a change of control or when the individual ceases to be a director of the Company. Deferred share units are settled in cash based on the then current Crescent Point share price.

The following table reconciles the number Restricted Shares and DSUs for the year ended December 31, 2011:

	Restricted Shares	Deferred Share Units
Balance, beginning of year	3,980,024	-
Granted	2,037,971	27,027
Exercised	(1,973,881)	-
Forfeited	(72,609)	-
Balance, end of year	3,971,505	27,027

For the year ended December 31, 2011, the Company calculated total share-based compensation, net of estimated forfeitures and forfeiture true-ups, of $91.0 million (2010 – $82.8 million), of which $21.2 million was capitalized (2010 – $22.5 million).

21. PER SHARE AMOUNTS

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

	2011	2010
Weighted average shares – basic	**275,375,288**	234,850,963
Dilutive impact of restricted shares	**2,838,883**	3,888,095
Weighted average shares – diluted	**278,214,171**	238,739,058

22. FINANCIAL INSTRUMENTS AND DERIVATIVES

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

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

- Level 1 – Values are based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.

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

Accordingly, Crescent Point's investment in marketable securities, and the reclamation fund are classified as Level 1, derivative assets and liabilities as Level 2 and long-term investments as Level 1 or Level 3 depending on whether the company is publicly traded or private. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy.

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

a) Carrying Amount and Fair Value of Financial Instruments

Accounts receivable and Reclamation fund

Accounts receivable and the reclamation fund are classified as financial assets at amortized cost and are reported at amortized cost. At December 31, 2011, December 31, 2010 and January 1, 2010, the carrying amount of accounts receivable and the reclamation fund approximated their fair value.

Less than 1% of the Company's accounts receivable balance at December 31, 2011 is outstanding for more than 90 days and the company considers the entire balance to be collectable.

Investment in marketable securities

Investment in marketable securities is classified as financial assets at fair value through profit or loss and is reported at fair value, with changes in fair value recorded in net income. At December 31, 2011, the Company reported investments in marketable securities at a fair value of $0.6 million (December 31, 2010 – $0.9 million, January 1, 2010 – $1.1 million). During the year ended December 31, 2011, the Company recorded an unrealized loss on marketable securities of $0.3 million (December 31, 2010 – $0.2 million).

Long-term investments

Long-term investments are classified as financial assets at fair value through profit and loss and are reported at fair value, with changes in fair value recorded in net income. At December 31, 2011, the Company reported long-term investments at a fair value of $151.9 million (December 31, 2010 – $62.2 million, January 1, 2010 – $23.4 million). During the year ended December 31, 2011, the Company recorded unrealized gain on long-term investments of $3.0 million (2010 – $10.3 million).

In January 2011, the Company disposed of its investment in a publically traded company, which was reported at fair value of $51.2 million at December 31, 2010, for proceeds of $54.5 million, resulting in a realized gain of $3.3 million recognized in net income.

Accounts payable and accrued liabilities and Cash dividends payable

Accounts payable and accrued liabilities and cash dividends payable are classified as financial liabilities at amortized cost and are reported at amortized cost. At December 31, 2011, December 31, 2010 and January 1, 2010, the carrying amount of these accounts approximated their fair values.

Long-term debt

Bank Credit Facilities

The bank credit facilities are classified as financial liabilities at amortized cost and are reported at amortized cost. At December 31, 2011, December 31, 2010 and January 1, 2010, the carrying amount approximated their fair value.

Senior Guaranteed Notes

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

($000s)	Reported Amortized Cost	Fair Value
December 31, 2011	**532,225**	**610,821**
December 31, 2010	308,604	326,217
January 1, 2010	-	-

Derivative assets and liabilities

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

The following table reconciles the fair value as at December 31, 2011 and 2010.

($000s)	**2011**	2010
Derivative asset, beginning of year	**12,193**	5,520
Acquired through capital acquisitions	**-**	11,987
Unrealized change in fair value	**6,632**	(5,314)
Derivative asset, end of year	**18,825**	12,193
Less: current derivative asset, end of year	**(10,216)**	(7,087)
Long-term derivative asset, end of year	**8,609**	5,106

Derivative liability, beginning of year	**153,337**	62,323
Unrealized change in fair value	**12,880**	91,014
Derivative liability, end of year	**166,217**	153,337
Less: current derivative liability, end of year	**(101,997)**	(78,707)
Long-term derivative liability, end of year	**64,220**	74,630

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

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

The following table summarizes the sensitivity of the fair value of the Company's derivative positions as at December 30, 2011 and 2010 to fluctuations in 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 tax as follows:

	Impact on Income Before Tax		Impact on Income Before Tax	
($000s)	Year ended December 31, 2011		Year ended December 31, 2010	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Crude oil price	(241,293)	238,522	(205,536)	207,810
Natural gas price	(796)	796	(2,424)	2,424
Power	579	(579)	-	-

Interest Rate Risk

The Company is exposed to interest rate risk on bank credit facilities to the extent of changes in the prime interest rate. For the year ended December 31, 2011, a one percent increase or decrease in the interest rate on floating rate debt would have amounted to a $3.7 million impact on income before tax.

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 on income before tax of the respective changes in the applicable forward interest rates as at December 31, 2011 and 2010, with all other variables held constant:

($000s)	Impact on Income Before Tax Year ended December 31, 2011		Impact on Income Before Tax Year ended December 31, 2010	
	Increase 10% in forward interest rates	Decrease 10% in forward interest rates	Increase 10% in forward interest rates	Decrease 10% in forward interest rates
Interest rate swaps	695	(695)	2,004	(2,004)

Foreign Exchange Risk

Foreign exchange risk arises from changes in foreign exchange rates that may affect the fair value or future cash flows of the Company's financial assets or liabilities. As the Company operates in North America, fluctuations in the exchange rate between the U.S./Canadian dollars can have a significant effect on reports results. 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 US$425.0 million senior guaranteed notes 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 $424.6 million.

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

The following sensitivities show the resulting unrealized gains (losses) and the impact on income before tax of the respective changes in the period end and applicable forward foreign exchange rates at December 31, 2011 and 2010 with all other variables held constant:

($000s)	Exchange Rate	Impact on Income Before Tax Year ended December 31, 2011		Impact on Income Before Tax Year ended December 31, 2010	
		Increase 10% in Cdn$ relative to US$	Decrease 10% in Cdn$ relative to US$	Increase 10% in Cdn$ relative to US$	Decrease 10% in Cdn$ relative to US$
US dollar swaps	Forward	(609)	609	-	-
US dollar senior guaranteed notes	Year End	43,223	(43,223)	25,860	(25,860)
Cross currency interest rate swaps	Forward	(51,033)	51,033	(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 is the total carrying amount 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 30 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.

The Company had four customers (2010 – four) which individually accounted for more than 10 percent of its total oil and gas sales. Oil and gas sales to these customers represented approximately 63% of the Company's total oil and gas sales in 2011 (2010 – 58%).

Liquidity Risk

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

($000s)	1 year	2 years	3 years	> 3 years	Total
Accounts payable and accrued liabilities	553,176	-	-	-	533,176
Cash dividends payable	26,106	-	-	-	26,106
Derivative liabilities[(1)]	97,780	39,475	5,839	2,799	145,893
Senior guaranteed notes [(2)]	29,608	29,608	29,608	647,937	736,761
Bank credit facilities	-	-	566,803	-	566,803

(1) These amounts are the undiscounted intrinsic value.

(2) 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 15, Crescent Point targets a net average net 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, 2011, the Company had available unused borrowing capacity on bank credit facilities of approximately $1.0 billion including $10.1 million letters of credit drawn on the facility. Crescent Point believes it has sufficient funding to meet foreseeable spending requirements.

Included in the Company's bank credit facilities of $566.8 million at December 31, 2011 (2010 – $697.8 million) are obligations of $520.0 million (2010 – $670.0 million) of bankers' acceptances, obligations of $52.1 million (2010 – $36.7 million) for borrowings under the operating and syndicated prime loans, partially offset by prepaid credit facility renewal fees of $4.1 million (2010 – $4.0 million) and prepaid interest on bankers' acceptances of $1.2 million (2010 – $4.9 million). These amounts are fully supported and management expects that they will continue to be supported by revolving credit facilities that have no repayment requirements other than interest.

c) Derivative Contracts

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

The following is a summary of the derivative contracts in place as at December 31, 2011**:**

Financial WTI Crude Oil Derivative Contracts – Canadian Dollar[(1)]

Term	Volume (bbls/d)	Average Swap Price ($/bbl)	Average Collar Sold Call Price ($/bbl)	Average Collar Bought Put Price ($/bbl)	Average Bought Put Price ($/bbl)	Average Put Premium ($/bbl)
2012	35,246	90.22	99.49	83.35	94.45	7.36
2013	28,250	92.23	101.90	85.22	-	-
2014	14,866	96.61	107.54	87.46	-	-
2015 January – March	7,500	92.70	101.96	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[(1)]

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

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

Financial Power Contracts – Canadian Dollar

Term	Contract	Volume (MW/h)	Fixed Rate ($/MW/h)
2012	Swap	3.0	58.00
2013	Swap	3.0	53.00
2014	Swap	3.0	75.00

Foreign Exchange Forward Contracts			
Settlement Date	Contract	Amount (US$)	Cdn$/US$
February 1, 2012	Forward Purchase	6,000,000	1.0141

Financial Interest Rate Derivative Contracts – Canadian Dollar			
Term	Contract	Notional Principal ($)	Fixed Annual Rate (%)
January 2012 – May 2015	Swap	25,000,000	2.90
January 2012 – May 2015	Swap	25,000,000	3.50
January 2012 – May 2015	Swap	50,000,000	3.09
January 2012 – June 2015	Swap	50,000,000	3.78
January 2012 – July 2015	Swap	50,000,000	3.63

Financial Cross Currency Interest Rate Derivative Contracts					
Term	Contract	Receive Notional Principal (US$)	Fixed Annual Rate (US%)	Pay Notional Principal (Cdn$)	Fixed Annual Rate (Cdn%)
January 2012 – March 2015	Swap	37,500,000	4.71	38,287,500	5.24
January 2012 – April 2016	Swap	52,000,000	3.93	50,128,000	4.84
January 2012 – March 2017	Swap	67,500,000	5.48	68,917,500	5.89
January 2012 – April 2018	Swap	31,000,000	4.58	29,884,000	5.32
January 2012 – March 2020	Swap	155,000,000	6.03	158,255,000	6.45
January 2012 – April 2021	Swap	82,000,000	5.13	79,048,000	5.83

Concurrent with the issuance of the US$425.0 million senior guaranteed notes 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$424.6 million.

23. RELATED PARTY TRANSACTIONS

All related party transactions are recorded at the exchange amount.

During the year ended December 31, 2011, Crescent Point recorded $0.7 million (December 31, 2010 – $1.7 million) of legal fees in the normal course of business to a law firm of which a partner is a director of the Company and, until July 31, 2011, a second partner was the Company's Corporate Secretary.

Since August 1, 2011, Crescent Point recorded $0.4 million (December 31, 2010 – $nil), of legal fees in the normal course of business to a law firm of which a partner is the Company's Corporate Secretary.

Shelter Bay

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.

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.

Compensation of Key Management Personnel

Key management personnel of the Company consist of its directors and executive officers. In addition to the directors fees and salaries paid to the directors and officers, respectively, the directors participate in the restricted share bonus plan and deferred share unit plan and the officers participate in the restricted share bonus plan. The compensation relating to key management personnel for the year recorded as general and administrative expenses was $9.9 million (2010 - $8.5 million) and share-based compensation costs were $43.7 million (2010 – $43.7 million).

24. COMMITMENTS

At December 31, 2011, the Company had contractual obligations and commitments as follows:

2011 ($000s)	Less than 1 year	Between 1 and 5 years	More than 5 years
Operating leases (building and vehicle leases)[1]	12,643	46,619	36,837
Capital commitments[2]	62,902	63,120	-
Total	75,545	109,739	36,837

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

(2) Included in capital commitments is the expected total cost of the two-year agreement with a U.S. fracture stimulation company with operations in North Dakota.

25. SIGNIFICANT SUBSIDIARIES

The Company has the following significant subsidiaries, each owned 100%, at December 31, 2011:

Subsidiary Name	**Country of Incorporation**
Crescent Point Resources Partnership	Canada
Crescent Point Holdings Inc.	Canada
Crescent Point Energy U.S. Corp.	United States of America
Crescent Point U.S. Holdings Corp.	United States of America

26. SUPPLEMENTAL DISCLOSURES

Income Statement Presentation

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

	2011	2010
Operating	**34,970**	28,914
General and administrative	**27,242**	24,092
Share-based compensation	**69,736**	60,339
Total compensation expenses	**131,948**	113,345

Cash Flow Statement Presentation

($000s)	**2011**	2010
Operating activities		
Changes in non-cash working capital:		
Accounts receivable	**(57,087)**	(29,852)
Prepaids and deposits	**(141)**	4,966
Accounts payable and accrued liabilities	**93,306**	(29,463)
	36,078	(54,349)
Investing activities		
Changes in non-cash working capital:		
Accounts receivable	**(35,518)**	(15,330)
Accounts payable and accrued liabilities	**125,690**	79,526
	90,172	64,196
Financing activities		
Changes in non-cash working capital:		
Cash dividends payable	**(1,427)**	4,644

27. GEOGRAPHICAL DISCLOSURE

As at December 31, 2011, Crescent Point's non-current assets related to the U.S. foreign operations is $261.5 million (December 31, 2010 – $57.8 million). For the year ended December 31, 2011, Crescent Point's oil and gas revenue related to the U.S. foreign operations is $11.4 million (December 31, 2010 – $2.4 million).

28. SUBSEQUENT EVENTS

Arrangement Agreement with Wild Stream Exploration Inc.

On January 24, 2012, Crescent Point announced that it entered into an agreement, by way of plan of arrangement, to acquire all of the issued and outstanding common shares of Wild Stream Exploration Inc. ("Wild Stream"), a publicly traded company with properties in southwest Saskatchewan. Total consideration is estimated to be $610.9 million and will include a combination of Crescent Point shares and assumed debt. The arrangement with Wild Stream is expected to close on March 15, 2012.

Due to the timing of the closing of the acquisition, the accounting has not yet been finalized and not all relevant disclosures are available.

Bakken Asset Acquisition

On February 16, 2012, Crescent Point announced that it entered into an agreement with PetroBakken Energy Ltd., a publicly traded oil and gas company, to acquire certain assets in the Viewfield Bakken light oil resource play in southeast Saskatchewan for total cash consideration of $427.0 million. The agreement is expected to close on or about March 16, 2012.

Manitoba Asset Acquisition

On February 16, 2012, Crescent Point announced that it closed an agreement to acquire producing assets in southwest Manitoba for cash consideration of $130.0 million.

Equity Financing

On March 8, 2012, the Company and a syndicate of underwriters closed a bought deal equity financing of approximately 13.4 million shares at $45.25 per share for gross proceeds of approximately $604.2 million.

Arrangement Agreement with Reliable Energy Ltd.

On March 14, 2012, Crescent Point entered into an agreement, by way of plan of arrangement, to acquire all of the remaining issued and outstanding common shares of Reliable Energy Ltd. ("Reliable"), a publicly traded company in which Crescent Point owns a 12.8 percent equity interest. Total consideration for the 87.2 percent not currently owned by Crescent Point is estimated to be $99.1 million and will include a combination of Crescent Point shares and assumed debt. Including Crescent Point's existing 12.8 percent equity interest in Reliable, total consideration is estimated to be $103.9 million. The arrangement with Reliable is expected to close on or about May 1, 2012.

29. COMPARATIVE INFORMATION

Certain information provided for the previous period has been restated to conform to the current period presentation.

30. TRANSITION TO IFRS

The Company's consolidated financial statements for the year ending December 31, 2011 are the first annual consolidated financial statements that comply with IFRS. These annual consolidated financial statements were prepared as described in Note 2, including the application of IFRS 1, *First-time Adoption of International Financial Reporting Standards*. Prior to the adoption of IFRS, the Company followed previous GAAP.

Comparative financial information is required on first time adoption of IFRS and therefore the Company has adopted IFRS as at January 1, 2010 (the "Transition Date"). IFRS generally requires full retrospective application of the standards in effect, however, IFRS 1 provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions to this requirement.

The Company has applied the following optional exemptions:

1. **Business combinations** – IFRS 1 provides the option to apply IFRS 3, *Business Combinations*, retrospectively or prospectively from the Transition Date. The Company elected to value business combinations prior to January 1, 2010 at the amounts determined under previous GAAP, rather than applying IFRS rules retrospectively.
2. **Full cost oil and gas accounting** – IFRS 1 provides the option for entities using full cost accounting for oil and gas activities under previous GAAP to measure oil and gas assets at the Transition Date at the historical net book value or at fair value, rather than applying IFRS rules retrospectively. The Company elected to measure its oil and gas assets at the net book value determined under previous GAAP, resulting in undeveloped land costs being reclassified to exploration and evaluation assets. The remaining development and production assets that were accumulated in country cost centres under previous GAAP could be allocated to the cost centre's underlying assets pro-rata using reserve volumes or values. The Company elected to allocate these assets using reserve values.
3. **Decommissioning liabilities** – For entities taking the *Full cost oil and gas accounting* exemption above, IFRS 1 requires that entities measure decommissioning liabilities in accordance with International Accountant Standard ("IAS") 37, *Provisions, Contingent Liabilities and Contingent Assets*, as at the Transition Date and that any difference between this amount and the carrying amount of those liabilities determined under the Company's previous GAAP, be recognized directly in retained earnings.
4. **Share-based payments** – IFRS 2, *Share-based Payments*, requires retrospective application of its provisions to equity instruments granted after November 7, 2002. The IFRS 1 exemption allows first-time adopters to not apply IFRS 2 to equity instruments that were granted prior to November 7, 2002. It also allows the first-time adopter to not apply IFRS 2 to equity instruments granted after November 7, 2002 that vested before the Transition Date. The Company elected to use these exemptions provided under IFRS 1.
5. **Borrowing costs** – IAS 23, *Borrowing Costs*, requires an entity to capitalize the borrowing costs related to all qualifying assets for which the commencement date for capitalization is on or after January 1, 2009. IFRS 1 provides the option to adopt IAS 23 prospectively or to designate any date prior to the Transition Date as the effective date for this standard and apply to all qualifying assets subsequent to that date. The Company elected to adopt IAS 23 prospectively from the Transition Date.

The only mandatory exception in IFRS 1 applicable to the Company relates to estimates. Hindsight is not used to create or revise estimates. The estimates previously made by the Company under previous GAAP were not revised for application of IFRS except where necessary to reflect any difference in accounting policies.

The following are reconciliations of the consolidated financial statements presented under previous GAAP to the amended consolidated financial statements prepared under IFRS.

Reconciliation of Consolidated Balance Sheet as of January 1, 2010

($000s)		IFRS adjustments			
	Previous GAAP	Reclass	DL[2]	SBC[3]	IFRS
		(Note a,b)	*(Note d)*	*(Note e)*	
ASSETS					
Accounts receivable	141,887				141,887
Investment in marketable securities	1,092				1,092
Prepaids and deposits	8,861				8,861
Derivative asset[1]	1,675				1,675
Total current assets	153,515	-	-	-	153,515
Long-term investments	229,755	(206,315)			23,440
Investment in associate	-	206,315			206,315
Derivative asset[1]	3,845				3,845
Other long-term assets[4]	12,742				12,742
Exploration and evaluation	-	586,467			586,467
Property, plant and equipment	4,939,279	(586,467)			4,352,812
Goodwill	100,294				100,294
Total assets	5,439,430	-	-	-	5,439,430
LIABILITIES					
Accounts payable and accrued liabilities	210,515				210,515
Cash dividends payable	22,890				22,890
Derivative liability[1]	20,080				20,080
Total current liabilities	253,485	-	-	-	253,485
Long-term debt	519,127				519,127
Derivative liability[1]	42,243				42,243
Decommissioning liability[1]	139,365		77,105		216,470
Deferred income tax[1]	506,732		(20,052)		486,680
Total liabilities	1,460,952	-	57,053	-	1,518,005
SHAREHOLDERS' EQUITY					
Shareholders' capital	4,710,290				4,710,290
Contributed surplus	38,029			20,253	58,282
Deficit	(769,618)		(57,053)	(20,253)	(846,924)
Accumulated other comprehensive loss	(223)				(223)
Total shareholders' equity	3,978,478	-	(57,053)	-	3,921,425
Total liabilities and shareholders' equity	5,439,430	-	-	-	5,439,430

(1) Caption has been renamed to comply with the financial statement presentation under IFRS.

(2) Decommissioning liability

(3) Share-based compensation

(4) Reclamation fund and other receivable were reclassified to other long-term assets to conform to the current period presentation.

Reconciliation of Consolidated Statements of Income and Comprehensive Income for the year ended December 31, 2010

($000s, except per share amounts)		IFRS adjustments				
	Previous GAAP	Reclass	DD&A	DL[2]	SBC[3]	IFRS
		(Note a)	*(Note c)*	*(Note d)*	*(Note e)*	
REVENUE AND OTHER INCOME						
Oil and gas sales	1,535,764					1,535,764
Royalties	(255,101)	(27,408)				(282,509)
Oil and gas revenue	1,280,663	(27,408)	-	-	-	1,253,255
Derivative gains (losses)	-	(90,810)				(90,810)
Realized gains	5,518	(5,518)				-
Unrealized losses	(96,328)	96,328				-
Equity and other income	38,886	(38,886)				-
Other income	-	38,213				38,213
	1,228,739	(28,081)	-	-	-	1,200,658
EXPENSES						
Operating	247,989					247,989
Transportation	37,120					37,120
General and administrative	40,851					40,851
Interest on long-term debt	59,244					59,244
Foreign exchange gain	(6,518)					(6,518)
Share-based compensation[1]	65,662				(5,323)	60,339
Depletion, depreciation and amortization	716,789		(31,579)			685,210
Accretion on decommissioning liability[1]	12,318			(2,766)		9,552
	1,173,455	-	(31,579)	(2,766)	(5,323)	1,133,787
Operating income	55,284	(28,081)	31,579	2,766	5,323	66,871
Share of profit of associate	-	673				673
Income before tax	55,284	(27,408)	31,579	2,766	5,323	67,544
Tax expense						
Current[1]	27,409	(27,408)				1
Deferred	7,854		8,211	557		16,622
Net income	20,021	-	23,368	2,209	5,323	50,921
Other comprehensive loss						
Foreign currency translation on foreign operations	(2,513)	-	91	8	-	(2,414)
Comprehensive income	17,508	-	23,459	2,217	5,323	48,507
Net income per share						
Basic	0.09					0.22
Diluted	0.08					0.21

(1) Caption has been renamed to comply with the financial statement presentation under IFRS.

(2) Decommissioning liability

(3) Share-based compensation

Reconciliation of Consolidated Balance Sheet as of December 31, 2010

($000s)		IFRS adjustments					
	Previous GAAP	Reclass	E&E	DD&A	DL[2]	SBC[3]	IFRS
		(Note b)	*(Note b)*	*(Note c)*	*(Note d)*	*(Note e)*	
ASSETS							
Accounts receivable	199,977						199,977
Investment in marketable securities	908						908
Prepaids and deposits	4,698						4,698
Derivative asset[1]	7,087						7,087
Total current assets	212,670	-	-	-	-	-	212,670
Long-term investments	62,164						62,164
Derivative asset[1]	5,106						5,106
Other long-term assets[4]	12,211						12,211
Exploration and evaluation	-	1,403,772	(133,392)	(155,009)			1,115,371
Property, plant and equipment	7,369,201	(1,403,772)	133,392	186,763	51,177	(8,071)	6,328,690
Goodwill	204,750				2,922		207,672
Total assets	7,866,102	-	-	31,754	54,099	(8,071)	7,943,884
LIABILITIES							
Accounts payable and accrued liabilities	343,691						343,691
Cash dividends payable	27,533						27,533
Derivative liability[1]	78,707						78,707
Total current liabilities	449,931	-	-	-	-	-	449,931
Long-term debt	1,006,451						1,006,451
Derivative liability[1]	74,630						74,630
Decommissioning liability[1]	195,254				129,473		324,727
Deferred income tax[1]	616,371			8,295	(20,538)	(8,071)	596,057
Total liabilities	2,342,637	-	-	8,295	108,935	(8,071)	2,451,796
SHAREHOLDERS' EQUITY							
Shareholders' capital	6,839,358						6,839,358
Contributed surplus	93,960					14,930	108,890
Deficit	(1,407,117)			23,368	(54,844)	(14,930)	(1,453,523)
Accumulated other comprehensive loss	(2,736)			91	8		(2,637)
Total shareholders' equity	5,523,465	-	-	23,459	(54,836)	-	5,492,088
Total liabilities and shareholders' equity	7,866,102	-	-	31,754	54,099	(8,071)	7,943,884

(1) Caption has been renamed to comply with the financial statement presentation under IFRS.

(2) Decommissioning liability

(3) Share-based compensation

(4) Reclamation fund and other receivable were reclassified to other long-term assets to conform to the current period presentation.

Reconciliation of Cash Flow Statement

The transition from previous GAAP to IFRS has had no effect on the cash flows generated by the Company. The reconciling items between the previous GAAP presentation and the IFRS presentation have no net impact on the reported operating, investing and financing cash flows.

Explanatory notes

a) Reclassifications

Investment in associate

The reclassification of $206.3 million from long-term investments to investment in associate at January 1, 2010 recognizes the Company's equity investment in Shelter Bay, including the Company's share of Shelter Bay's net income. Under IFRS, investments in associates are required to be separately disclosed on the balance sheet. There was no reclassification at December 31, 2010 because the Company acquired Shelter Bay through a plan of arrangement on July 2, 2010.

Royalties

Under IFRS, royalties include the Saskatchewan Corporation Capital Tax Resource Surcharge, which was classified as capital and other taxes under previous GAAP.

Derivative gains (losses)

To conform to the consolidated statement of income presentation under IFRS, the realized and unrealized derivatives gains (losses) are presented together on the consolidated statement of income and detailed in the notes to the consolidated financial statements.

Share of profit of associate

To conform to the consolidated statement of income presentation under IFRS, the Company's equity income earned from its investment in Shelter Bay was reclassified to share of profit of associate.

b) Exploration and evaluation

Exploration and evaluation assets consist of the Company's exploration projects which are pending the determination of reserves, and include undeveloped land and any drilling costs incurred thereon. The drilling costs are accumulated in cost centres 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 PP&E.

At January 1, 2010, E&E assets were $586.5 million, representing the undeveloped land balance under previous GAAP. This resulted in a reclassification of $586.5 million from PP&E to E&E assets. At December 31, 2010, the Company's E&E assets before E&E asset transfers and DD&A was $1.4 billion.

During the year ended December 31, 2010, $133.4 million was transferred from E&E assets to PP&E.

c) Depletion, depreciation and amortization

Under IFRS, development and production assets are depleted at the major area level using the unit-of-production method based on the estimated proved plus probable reserves before royalties, whereas, under previous GAAP these assets were accumulated in country cost centres and depleted using the unit-of-production method based on the estimated proved reserves before royalties. As a result of depleting at the major area level based on proved plus probable reserves before royalties, DD&A decreased $186.8 million for the year ended December 31, 2010, with a corresponding increase to PP&E.

The Company's policy under IFRS is to amortize E&E undeveloped land by area over the average primary lease term; under previous GAAP undeveloped land was not amortized. Accordingly, DD&A increased $155.2 million for the year ended December 31, 2010, with a corresponding decrease to E&E assets.

d) 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 obligation under previous GAAP, using a risk free discount rate at January 1, 2010 and recognized the difference directly in accumulated deficit. Under previous GAAP, the Company's asset retirement obligation was discounted using an average credit-adjusted risk free rate of 8 percent, whereas under IFRS, the Company discounted its decommissioning liability using an average risk free rate of approximately 4 percent. As a result, on transition, the value of the Company's decommissioning liability increased by $77.1 million, deferred income tax liability decreased by $20.1 million and accumulated deficit increased $57.0 million. In addition, as at December 31, 2010, the value of the Company's decommissioning liability increased by $129.5 million, including the January 1, 2010 adjustment and the accretion adjustment discussed below.

During 2010, the Company recorded goodwill on the acquisition of Shelter Bay, and as a result of revaluing the decommissioning liability using a risk free rate, goodwill increased by $2.9 million.

At December 31, 2010, the Company's average risk free rate was approximately 3 percent; the credit-adjusted risk free rate used was 8 percent.

Consistent with the change in discount rate applied above, accretion on decommissioning liability is calculated based on the relevant risk free rate. The Company recorded a decrease in accretion on decommissioning liability of $2.8 million for the year ended December 31, 2010.

e) Share-based compensation

In accordance with IFRS 2 *Share-based Payment*, as at the Transition Date the Company revalued its contributed surplus arising from share-based compensation to recognize an estimated forfeiture rate on restricted shares of 4 percent and a 4 year service period commencing January 1, 2009 for the restricted shares granted in January 2010 pursuant to the Company's APA. Under previous GAAP, forfeitures are recorded as they occur and the APA granted in January 2010 was amortized over the vesting period of 3 years.

Under previous GAAP, expense recognition generally cannot occur before the grant date. Under IFRS, the grant date cannot be earlier than the date the awards are approved, however IFRS requires the entity to record an expense for employee's service as received, which may be earlier than the grant date.

Under IFRS, deferred income tax does not arise from capitalized share-based compensation. Therefore, amounts recorded under previous GAAP during 2010 were adjusted accordingly.