



# Crescent Point Energy Trust

## Third Quarter 2003 Interim Report Nine Months ended September 30, 2003

November 19, 2003  
Calgary, Alberta

### CRESCENT POINT ANNOUNCES THIRD QUARTER 2003 RESULTS

Crescent Point Energy Trust ("Crescent Point" or the "Trust") is pleased to announce its operating and financial results for the period ended September 30, 2003. The Trust commenced operations as an oil and gas income trust on September 5, 2003. However, as the Trust is the successor organization to Crescent Point Energy Ltd. ("Crescent Point Energy"), this interim report is provided for the three months and nine months ended September 30, 2003, and 2002. The operating results for the Trust in September are also provided for information purposes.

The term "units" has been used to identify both the trust units and exchangeable shares of the Trust issued on or after September 5, 2003 as well as the Class A common shares of the Corporation outstanding prior to the conversion on September 5, 2003. All pre arrangement comparative share numbers have been adjusted for the consolidation of Class A and Class B shares (see note 1).

### FINANCIAL AND OPERATING HIGHLIGHTS

(\$000's except where noted)	Three months ended Sept. 30			Nine months ended Sept. 30		
	2003	2002	% Change	2003	2002	% Change
<b>Financial</b>						
Production revenue (net of royalties)	15,161	5,851	159	42,519	12,118	251
Hedge (loss)	(486)	(527)	8	(2,162)	(841)	(157)
Total revenue	14,675	5,324	176	40,357	11,277	258
Cash flow from operations	6,085	3,481	75	24,652	7,199	242
Per unit (2002 – combined A & B shares)	0.40	0.31	29	1.66	0.73	127
Per unit - diluted	0.40	0.30	33	1.66	0.70	137
Net income	1,400	925	51	9,683	1,811	435
Per unit (2002 – combined A & B shares)	0.09	0.08	13	0.65	0.18	261
Per unit - diluted	0.09	0.08	13	0.65	0.18	261
Capital expenditures, net	66,103	6,136	977	101,880	43,579	134
Current bank indebtedness (net of working capital)	50,131	7,989	528	50,131	7,989	528
Units outstanding (MM)						
Units (2002 - Combined A & B shares)	16.4	12.6	30	16.4	12.6	30
Exchangeable shares	2.0	-	-	2.0	-	-
Weighted average units outstanding (MM)						
Units (2002 - Combined A & B shares)	15.2	11.3	35	14.8	9.9	49
Diluted	15.2	11.8	29	14.8	10.3	44

(\$000's except where noted)	Three months ended Sept. 30			Nine months ended Sept. 30		
	2003	2002	% Change	2003	2002	% Change
<b>Operations</b>						
Average daily production						
Crude oil and NGL's (Bbls/day)	4,781	1,702	181	4,119	1,282	221
Natural gas (mcf/d)	7,308	4,113	77	5,859	2,190	168
Barrels of oil equivalent						
(Boe/d @ 10:1)	5,512	2,113	161	4,705	1,501	213
(Boe/d @ 6:1)	5,999	2,387	151	5,096	1,647	209
Average product prices						
Crude oil and NGL's (C\$/bbl)	34.51	39.42	(12)	37.00	36.16	2
Hedge (loss) (C\$/bbl)	(0.91)	(4.31)	(79)	(1.71)	(2.69)	(26)
	33.60	35.11		35.29	33.47	
Natural gas (C\$/mcf)	5.61	3.04	85	6.60	3.53	87
Hedge gain (loss) (C\$/mcf)	(0.13)	0.39	(133)	(0.15)	0.17	(188)
	5.48	3.43		6.45	3.70	
Wells drilled						
Gross	4.0	5.0	(20)	16.0	10.0	60
Net	1.4	2.3	(39)	12.6	7.3	73
Success rate (percent)	100	100	-	100	80	25

## CORPORATE HIGHLIGHTS

- Crescent Point Energy completed a strategic merger whereby it acquired Tappit Resources Ltd. ("Tappit") and converted into an oil and gas royalty trust through a Plan of Arrangement (the "Plan"). In addition, the shareholders of Crescent Point Energy and Tappit received shares in StarPoint Energy Ltd. ("StarPoint"), a separate, publicly listed, exploration and production company. The special meeting of the shareholders approving the transaction was held on August 21, 2003. The effective date for the transaction was September 5, 2003.
- Average daily production increased 151 percent from 2,387 boepd in the third quarter of 2002 to 5,999 boepd in the third quarter of 2003. In the first nine months of 2003, average daily production increased 209 percent to 5,096 boepd from 1,647 boepd in the first nine months of 2002.
- Cash flow increased from \$3.5 million, or \$0.31 per unit, in the third quarter of 2002 to \$6.1 million, or \$0.40 per unit, in the third quarter of 2003. This represents an increase of 29 percent on a cash flow per unit basis. Cash flow in the third quarter of 2003 is net of one time reorganization costs of \$4.9 million for the Plan. Without these costs cash flow for the quarter would have been \$11.0 million or \$0.72 per unit.
- Cash flow increased from \$7.2 million, or \$0.73 per unit, in the first nine months of 2002 to \$24.7 million, or \$1.66 per unit, in the first nine months of 2003. This represents an increase of 127 percent increase on a cash flow per unit basis. Without reorganization costs of \$4.9 million relating the plan cash flow for the first nine months would have been \$29.6 million or \$2.00 per unit.
- Net income increased from \$0.9 million, or \$0.08 per unit, in the third quarter of 2002 to \$1.4 million, or \$0.09 per unit, in the third quarter of 2003, an increase of 13 percent on a net income per unit basis. Net income increased from \$1.81 million, or \$0.18 per Unit in the first nine months of 2002, to \$9.7 million, or \$0.65 per unit in the first nine months of 2003, a 261 percent increase on a net income per unit basis **(please refer to Management's Discussion and Analysis below)**.
- On a pro forma basis, in the third quarter the Trust would have averaged more than 7,200 boepd and generated cash flow before reorganization costs of greater than \$13.0 million; or \$0.73 per unit, if the plan had been in effect July 1, 2003.
- Crescent Point continued to optimize production in its core areas through compressor installations at John Lake, and pump upgrades and battery optimizations at Tatagwa and Little Bow, which will add incremental production and reserves.

- As a result of Crescent Point's continued successful development drilling results, and the strategic merger with Tappit the Trust's credit facility with its primary lender has been increased to \$81 million.

## **OPERATIONAL REVIEW**

During the third quarter of 2003, Crescent Point continued to aggressively implement management's business strategy of expanding the Trust's high quality, long life, reserve, production and cash flow base in the plains areas of central/southern Alberta, and southern Saskatchewan.

In the third quarter of 2003, Crescent Point Energy Ltd. successfully consolidated and integrated Tappit's production and operations into the Trust.

Crescent Point continued to optimize production in its core areas through compressor installations at John Lake, pump upgrades and battery optimizations at Tatagwa and Little Bow which will add incremental production and reserves.

At Tatagwa in SE Saskatchewan, the Trust has started battery modifications and pumpjack upgrades to increase fluid handling capability. With the implementation of the water flood in early 2003, production has steadily increased due to the initial water flood response.

## **OUTLOOK**

Crescent Point has a high quality, low decline reserve, production and cash flow base focused in five principal properties. Each of these properties is characterized by high working interests, operated and significant development upside.

As a result of our ongoing activities at Manor, Tatagwa, John Lake, Sounding Lake and Little Bow, Crescent Point has a solid inventory of low risk development drilling locations which will allow for stable production volumes and distributions through 2004 and beyond.

The Trust has already seen positive results from the water flood project at Tatagwa in SE Saskatchewan. With minimum capital expenditures since acquiring the property, the Trust has been able to steadily increase production due to the initial water flood response to date.

Crescent Point continues to lock in commodity price swaps for 2004 and 2005 at attractive crude oil pricing parameters to reduce risk on distribution levels (see "Risk Management" below).

Crescent Point continues to maintain an excellent balance sheet with debt of less than 1.1 times current annualized cash flow and over \$30.8 million of unutilized credit lines.

At current pricing, production and operating cost levels, Crescent Point anticipates its monthly distribution to be maintained at \$0.17 per unit through to the end of fourth quarter of 2003.

ON BEHALF OF THE BOARD OF DIRECTORS

Scott Saxberg  
**President and Chief Operating Officer**  
November 19, 2003

## MANAGEMENT'S DISCUSSION & ANALYSIS

*The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes for a full understanding of the financial position and results of operations of Crescent Point Energy Trust ("Crescent Point" or the "Trust"). All amounts are expressed in Canadian dollars. A barrel of oil equivalent ("boe") is based on a conversion rate of six thousand cubic feet of natural gas to one barrel of oil. Certain information regarding the Trust contained herein may constitute forward-looking statements under applicable securities laws. Such statements are subject to known or unknown risks and uncertainties that may cause actual results to differ materially from those anticipated or implied in the forward-looking statements.*

### **Plan of Arrangement**

Crescent Point Energy Ltd ("Crescent Point Energy ") completed a strategic merger whereby it acquired Tappit Resources Ltd. ("Tappit") and converted into an oil and gas royalty trust through a Plan of Arrangement (the "Plan"). In addition, the shareholders of Crescent Point Energy and Tappit received shares in StarPoint Energy Ltd. ("StarPoint"), a separate, publicly listed, exploration and production company. The special meeting of the shareholders approving the plan was held on August 21, 2003. The effective date for the transaction was September 5, 2003.

### **Production and Pricing**

Production in the third quarter of 2003 averaged 5,999 boepd (6:1), comprised of 4,781 bopd of crude oil and NGL's, and 7,308 mcf/d of natural gas production. Production in the third quarter of 2002 averaged 2,387 boepd (6:1) comprised of 1,702 bopd of crude oil and NGL's, and 4,113 mcf/d of natural gas production. The increase in total production from the third quarter of 2002 to the third quarter of 2003 represents an increase of 151 percent. Production is expected to increase in the fourth quarter of 2003 as the Trust will have the benefit of combining Tappit's production for a full quarter.

Production for the first nine months of 2003 averaged 5,096 boepd (6:1) comprised of 4,119 bopd of crude oil and NGL's, and 5,849 mcf/d of natural gas production. Production for the first nine months of 2002 averaged 1,647 boepd (6:1) comprised of 1,282 bopd of crude oil and NGL's, and 2,190 mcf/d of natural gas, which represents an increase of 209 percent on a year to date basis.

The average price realized by the Trust for crude oil and NGL's in the third quarter of 2003 was \$34.51 per bbl before hedging, and \$33.60 per bbl after hedging. In the third quarter of 2002 the average price realized by the Trust for crude oil and NGL's was \$39.42 per bbl before hedging, and \$35.11 per bbl after hedging. For natural gas the average price received by the Trust in the third quarter of 2003 was \$5.61 per mcf before hedging, and \$5.48 per mcf after hedging. For natural gas the average price received by the Trust in the third quarter of 2002 was \$3.04 per mcf before hedging, and \$3.43 after hedging.

The average price realized by the Trust for crude oil and NGL's in the first nine months of 2003 was \$37.00 per bbl before hedging and \$35.29 per bbl after hedging. In the first nine months of 2002 the average price realized by the Trust for crude oil and NGL's was \$36.16 per bbl before hedging and \$33.47 per bbl after hedging. For natural gas the average price received by the Trust in the first nine months of 2003 was \$6.60 per mcf before hedging and \$6.45 per mcf after hedging compared to \$3.53 per mcf before hedging and \$3.70 per mcf after hedging for the first nine months of 2002.

### **Cash Flow**

*Cash flow from operations is a non-GAAP term that represents net earnings attributable to common shares adjusted for non-cash items. The Trust evaluates its performance based both upon net earnings and cash flow from operations. The Trust considers cash flow a key measure as it demonstrates the Trust's ability to generate the cash flow necessary to maintain distributions and fund future growth through capital investment and to repay debt.*

Cash flow for the third quarter of 2003 was \$6.1 million, or \$0.40 per unit. Cash flow in the third quarter of 2002 was \$3.5 million, or \$0.31 per unit. This represents an increase of 29 percent on a cash flow per unit basis.

Cash flow in the quarter includes reorganization costs of \$4.9 million. Without this charge, cash flow would have been \$11.0 million or \$0.72 per unit for the third quarter.

Cash flow for the first nine months of 2003 was \$24.7 million, or \$1.66 per unit, compared to \$7.2 million, or \$0.73 per unit for the first nine months of 2002, which represents an increase of 127 percent on a cash flow per unit basis. Cash flow includes an expense of \$4.9 million for reorganization costs for the Arrangement. Without this charge, cash flow would have been \$29.6 million for \$2.00 per unit for the first nine months of 2003.

Royalties for the third quarter of 2003 were 19 percent of production revenue, as compared to 20 percent in 2002. For the first nine months of 2003 royalties were 19 percent of production revenue, as compared to 18 percent of production revenue for the first nine months of 2002.

General and administrative expenses were \$390,661 or \$0.71 per boe in the third quarter of 2003 compared to \$404,269 or \$1.84 per boe in the third quarter of 2002. This represents a decrease of 61 percent on a per boe basis. General and administrative expenses for the first nine months of 2003 were \$1,493,063 or \$1.07 per boe compared to \$979,628 or \$2.17 per boe for the first nine months of 2002, representing a 51 percent decrease on a per boe basis. The large decrease in general and administrative expenses on both a quarter and yearly basis is due to the large increase in production with little increase in general and administrative costs.

Production expenses for the third quarter of 2003 were \$2,866,992 or \$5.19 per boe. In the third quarter of 2002 production expenses were \$997,124 or \$4.54 per boe. For the first nine months of 2003 production expenses were \$7,663,336 or \$5.51 per boe compared to \$2,375,433 or \$5.28 per boe for the first nine months of 2002. With the tie in of the new development wells at Manor and purchase of compressors at John Lake, production expenses have fallen \$1.37 per boe from the first quarter of 2003.

### **Net Income**

Crescent Point had net income of \$1,339,999 or \$ 0.09 per unit in the third quarter of 2003, compared to net income of \$925,439 or \$0.08 per unit in the third quarter of 2002. This represents an increase of 13 percent on a net income per unit basis. For the first nine months of 2003 the Trust had net income of \$9,683,539 or \$0.65 per unit compared to \$1,811,406 or \$0.18 per unit for the first nine months of 2002. This represents an increase of 261 percent on a net income per unit basis.

Depletion, depreciation and amortization ("DD&A") for the third quarter of 2003 was \$4,373,789 or \$7.92 per boe compared to \$1,837,138 or \$8.36 per boe in the third quarter of 2002. For the first nine months of 2003 depletion, depreciation and amortization ("DD&A") was \$11,324,725 or \$8.14 per boe compared to \$3,997,863 or \$8.89 per boe for the first nine months of 2002.

### **Distributions**

On September 5, 2003, through the Plan, Crescent Point Energy converted into an oil and gas royalty trust. The Trust declared a distribution of \$0.17 per unit payable on October 15, 2003 for September, 2003 production.

### **Capital Expenditures**

Capital expenditures were \$66.1 million in the third quarter of 2003. This included net \$61.1 million for the purchase of Tappit through the Plan of Arrangement. For the first nine months of 2003 capital expenditures totaled \$102.0 million, which included \$85.0 million relating to property acquisitions.

### **Liquidity and Capital Resources**

At September 30, 2003, the Trust had net debt of \$50.1 million (net of working capital), and a credit facility of \$81.0 million with its primary lender, a major Canadian chartered bank.

### **Business Risks**

For business risks of the Trust please refer to page 21 of Crescent Point Energy's 2002 Annual Report.

### **Outlook**

The Trust anticipates with our high quality, predictable production and at current pricing, production, and operating cost levels, its monthly distribution to be maintained at \$0.17 per unit through to the end of fourth quarter of 2003.

## CONSOLIDATED BALANCE SHEET

(unaudited)

	As At	
	30-Sep-03	31-Dec-02
<b>ASSETS</b>	\$	\$
Current assets:		
Cash	59,625	85,158
Accounts receivable	17,725,562	11,382,840
Prepays and deposits	178,608	98,566
	17,963,795	11,566,564
Investments in marketable securities (note 2)	187,645	427,500
Deposits on property, plant and equipment	-	3,225,000
Goodwill (note 4)	22,093,038	-
Petroleum and natural gas properties (note 4)	150,319,109	59,450,376
	190,563,587	74,669,440
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	14,874,540	15,407,040
Distributions payable	2,800,136	-
Current bank indebtedness (note 5)	50,420,000	14,000,000
	68,094,676	29,407,040
Provision for site restoration	1,762,679	363,377
Future tax liability	26,318,413	4,805,634
	96,175,768	34,576,051
<b>Unitholders equity:</b>		
Unitholders investment account (note 6)	93,242,900	36,976,483
Accumulated earnings	3,945,055	3,116,906
Accumulated cash distributions	(2,800,136)	-
	94,387,819	40,093,389
	190,563,587	74,669,440

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED EARNINGS

(unaudited)	Three months ended		Nine months ended	
	30-Sep-03	30-Sep-02	30-Sep-03	30-Sep-02
	\$	\$	\$	\$
<b>Revenue:</b>				
Oil and gas sales	18,754,489	7,321,512	52,178,718	14,767,697
Hedging income (loss)	(485,532)	(526,838)	(2,162,315)	(841,496)
Royalties expense, net of ARTC	(3,593,555)	(1,471,150)	(9,659,445)	(2,649,513)
	14,675,402	5,323,524	40,356,958	11,276,688
<b>Expenses:</b>				
Operating	2,866,992	997,124	7,663,336	2,375,433
General and administrative	390,661	404,269	1,493,063	979,628
Interest on bank indebtedness	409,562	172,895	1,015,248	335,054
Depletion, depreciation and amortization	4,373,789	1,837,138	11,324,725	3,997,863
Provision for site restoration	207,766	93,687	569,891	230,110
Capital and other taxes	(30,955)	267,799	579,185	387,799
Reorganization costs (note 1)	4,953,949	-	4,953,947	-
Gain on sale of investment (note 2b)	(313,216)	-	(313,216)	-
	12,858,548	3,772,912	27,286,179	8,305,887
Income before income taxes	1,816,854	1,550,612	13,070,779	2,970,801
Future income tax expense	476,855	625,173	3,387,240	1,159,395
<b>Net income for the period</b>	<b>1,339,999</b>	<b>925,439</b>	<b>9,683,539</b>	<b>1,811,406</b>
Accumulated earnings (deficit), beginning of the period	11,460,446	703,284	3,116,906	(182,683)
Transfer of assets pursuant to the Plan of Arrangement (note 4)	(8,855,390)	-	(8,855,390)	-
<b>Accumulated earnings (deficit) end of the period</b>	<b>3,945,055</b>	<b>1,628,723</b>	<b>3,945,055</b>	<b>1,628,723</b>
<b>Net income per unit</b>				
Basic (2002 – A & B shares combined) <sup>(1)</sup>	0.09	0.08	0.65	0.18
Diluted <sup>(1)</sup>	0.09	0.08	0.65	0.18
<b>Units Outstanding</b>				
A shares <sup>(1)</sup>	-	11,989,046	-	11,989,046
B shares <sup>(1)</sup>	-	606,623	-	606,623
Units	16,433,734	-	16,433,734	-
Exchangeable Shares	2,000,000	-	2,000,000	-

(1) September 30, 2002 comparatives are restated taking into effect the share consolidation as a result of the plan of arrangement (see note 1).

## CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited)	Three months ended		Nine months ended	
	Sept. 30, 2003		Sept. 30, 2003	
	\$	\$	\$	\$
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Net income for the period	1,339,999	925,439	9,683,539	1,811,406
Add items not affecting cash				
Future income taxes	476,855	625,173	3,387,240	1,159,395
Gain on sale	(313,216)	-	(313,216)	-
Depletion and amortization	4,373,789	1,837,138	11,324,725	3,997,863
Provision for site restoration	207,766	93,687	569,891	230,110
Funds flow from operations	6,085,193	3,481,437	24,652,179	7,198,774
Change in non-cash working capital				
Accounts receivable	(4,237,643)	(2,264,072)	(851,118)	(4,920,893)
Prepaid expenses	(25,503)	34,627	(80,041)	(103,672)
Accounts payable	14,186,602	2,256,284	(4,687,810)	5,002,836
Net change in non-cash working capital	9,923,649	26,839	(5,618,970)	(21,729)
	16,008,649	3,508,276	19,033,210	7,177,045
<b>Investing activities</b>				
Acquisition of oil and gas properties	(5,170,161)	(6,136,106)	(40,947,831)	(42,536,181)
Acquisition of Tappit Resources Ltd.	(7,991,670)	-	(7,991,670)	-
Change in non-cash working capital				
Accounts receivable	1,551,749	1,265,000	1,875,925	324,176
Accounts payable	(12,677,854)	1,055,235	(1,165,130)	1,385,070
Proceeds on sale of investments	740,716	-	740,716	-
Reductions to oil and gas asset deposits	-	-	3,225,000	-
	(23,547,220)	(3,815,871)	(44,262,990)	(40,826,935)
<b>Financing activities</b>				
Net issue of capital stock for cash	1,972,002	9,246,078	11,266,470	27,028,895
Increase in bank indebtedness	5,617,777	(8,900,000)	13,937,777	5,400,000
	7,589,779	346,078	25,204,247	32,428,385
<b>Increase (decrease) in cash</b>	51,208	38,483	(25,533)	(1,220,995)
<b>Cash at beginning of period</b>	8,417	100,349	85,158	1,359,827
<b>Cash at end of period</b>	59,625	138,832	59,625	138,832
<b>Supplemental cash flow information</b>				
Interest paid	409,562	172,895	1,015,248	335,054

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003 (UNAUDITED)

### 1. Corporate Reorganization

Crescent Point Energy Trust (the "Trust") is an open-ended mutual fund trust created pursuant to a Declaration of Trust and existing under the laws of the Province of Alberta. The Trust was established as part of a Plan of Arrangement (the "Arrangement") that became effective on September 5, 2003.

The Arrangement gave effect to the transactions contemplated by the agreement entered into on May 26, 2003 by Crescent Point Energy Ltd. ("old Crescent Point" or the "Corporation") and Tappit Resources Ltd. ("Tappit"). The reorganization resulted in the shareholders of old Crescent Point and Tappit receiving trust units in the Trust, a new oil and natural gas energy trust that owns all of old Crescent Point's and Tappit's producing assets. In addition, the shareholders of old Crescent Point and Tappit received shares in a separate, publicly-listed, growth and exploration focused producer StarPoint Energy Ltd. ("StarPoint"), which owns old Crescent Point's exploration assets and undeveloped lands in its northeast British Columbia exploration focus area.

Pursuant to the Arrangement, shareholders of both old Crescent Point and Tappit received shares of StarPoint, and at their election, either units of the Trust, which will pay monthly cash distributions, or exchangeable shares which may be exchanged into units of the Trust. The Arrangement also resulted in a share consolidation of the outstanding shares of old Crescent Point.

For each old Crescent Point Class A Share owned, shareholders received at their election:

- a) 0.5 units of the Trust and 0.5 shares of StarPoint, or
- b) 0.5 exchangeable shares and 0.5 shares of StarPoint.

For each old Crescent Point Class B Share owned, shareholders received at their election:

- a) 0.75 units of the Trust and 0.75 shares of StarPoint, or
- b) 0.75 exchangeable shares and 0.75 shares of StarPoint.

For each Tappit common share owned, shareholders received at their election:

- a) 0.19 units of the Trust, \$0.36 cash and 0.1 shares of StarPoint, or
- b) 0.19 exchangeable shares, \$0.36 cash and 0.1 shares of StarPoint.

As part of the Arrangement, the Trust put in place a new credit facility of \$81.0 million to replace existing debt.

Upon completion of the Arrangement, 16.4 million units and 2.0 million exchangeable shares were outstanding. In addition, the Trust can issue up to 5% of the outstanding units in a restricted unit plan.

The Arrangement involving conversion to the Trust has been accounted for as a continuity of interests. Accordingly, these consolidated financial statements reflect the financial position, results of operations and cash flows as if the trust had always carried on the businesses formerly carried on by old Crescent Point. All assets and liabilities are recorded at historical cost. The nine months ended September 30, 2003 reflect the results of operations and cash flows of old Crescent Point for the period January 1 to September 5 and the results of operations and cash flows of the Trust for the period September 6 to September 30. Due to the conversion into an income trust, certain information included in the financial statements for prior periods may not be directly comparable.

The term "units" has been used in these financial statements to identify both the trust units and exchangeable shares of the Trust issued on or after September 5, 2003 as well as the Class A common shares of the Corporation outstanding prior to the conversion on September 5, 2003. All pre arrangement comparative share numbers have been adjusted for the consolidation of Class A and Class B shares (see note 1).

## **2. SIGNIFICANT ACCOUNTING POLICIES**

These interim consolidated financial statements of Crescent Point Energy Trust (the "Trust") have been prepared by management in accordance with Canadian generally accepted accounting principles. The specific accounting principles used are described in the annual consolidated financial statements appearing on pages 23 through 35 of the Corporation's 2002 Annual Report. All amounts reported in these statements are in Canadian dollars.

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

The consolidated financial statements include those of the Trust, its wholly owned subsidiaries Crescent Point Resources Inc, and 935247 Alberta Inc. and Crescent Point Energy Partnership.

### **b) Investments in Marketable Securities**

In July 2003, the Corporation divested its entire investment of 2.15 million common shares in Rise Energy Ltd. ("Rise") subsequent to DT Energy Ltd. purchasing Rise. At sale, the investment was valued at \$0.20 per share. Net proceeds from the disposition amounted to \$740,716.

During 2000, Tappit purchased units of certain limited partnerships that in turn hold flow-through shares. During 2002, the carrying value was reduced by \$47,335 (2001 - \$187,000) to reflect the fair market value of these shares.

### **c) Net Income per Unit**

Net income per unit is calculated based on the weighted average number of units outstanding from January 1 to September 30, 2003, which was 14,825,536 Units (2002 - 9,319,251 Class A shares, and 606,623 Class B shares). Under the treasury stock method, only "in the money" dilutive units are included in the weighted average number of units. It is also assumed that no cash flow or income is earned on the proceeds received from the dilutive units issued, but rather, the proceeds are used to buy back units at the weighted average market price experienced during the reporting period. The weighted average number of units is then reduced by the number of units acquired. The number of diluted units outstanding at September 30, 2003 was 14,825,536 (2002 - 10,324,887).

Net Income per unit and cash flow per unit are calculated for the three months ended September 30, 2003, are also based on the weighted average calculation. The weighted average number of units outstanding July 1 to September 30, 2003 were 15,238,997 Units (2002 - 10,718,465 Class A shares and 606,623 Class B shares). The weighted average number of diluted units outstanding for the three months ended September 30, 2003 is 15,238,997 (2002 - 11,798,458).

### **d) Goodwill**

Goodwill, which represents the excess of purchase price over fair value of net assets received, is assessed at least annually for impairment. To assess impairment, the fair value of the reporting unit (the consolidated Trust) is determined and compared to the book value of the reporting unit. If the fair value is less than the book value, then a second test is performed to determine the amount of the impairment. The amount of the impairment is determined by deducting the fair value of the reporting unit's assets and liabilities from the fair value of the reporting unit to determine the implied fair value of goodwill and comparing that amount to the book value of the reporting unit's goodwill. Any excess of the book value of goodwill over the implied fair value of goodwill is the impaired amount.

### 3. RECONCILIATION OF CASH FLOW AND DISTRIBUTIONS

For the 25 days Ended  
Sept. 30, 2003

Cash flow from operations	\$3,430,643
Cash (reserved) used for financing and investing	(630,507)
Cash distributions declared to unitholders	2,800,136
Accumulated cash distributions, beginning of period	-
Accumulated cash distributions, end of period	2,800,136
Cash distributions per unit	\$0.17

### 4. PETROLEUM AND NATURAL GAS PROPERTIES

#### a) Acquisition of Tappit Resources Ltd.

The purchase by old Crescent Point of 100% of the shares of Tappit was paid for by a combination of shares and cash and accounted for as a business combination as follows:

Property, plant and equipment	71,595,000
Goodwill	22,093,038
Working capital deficiency	(1,697,689)
Bank debt	(22,482,223)
Future site restoration	(829,410)
Future income taxes	(15,989,368)
Net	52,689,348
Paid by	
Cash	7,302,813
Units issued	44,697,678
Acquisition costs (net of option proceeds of \$1,216,815)	688,857
	52,689,348

#### b) Assets sold to StarPoint

Under the Arrangement, StarPoint acquired old Crescent Point's existing interests in its northeast British Columbia exploration focus area at net book value of \$10,349,373 and will assume \$3,500,000 of the Corporation's expenses debt. An additional future income tax liability has been recorded as a result of transferring tax pools in excess of net book value. A receivable from StarPoint of \$3,932,423 at September 30, 2003 is outstanding.

#### c) Capitalization of General and Administrative Costs

In the third quarter of 2003, the Trust capitalized \$917,318 of general and administrative costs. (2002 - \$157,481). In the first nine months of 2003 the Trust has capitalized \$1,363,767 of general and administrative costs (2002 - \$482,673).

### 5. BANK DEBT

On September 5, 2003, the Trust's revolving term demand bank loan facility was increased to \$81,000,000.

6. UNITHOLDERS INVESTMENT ACCOUNT

a) **Issued and Outstanding**

Please refer to Note 1 Corporate Reorganization which discusses the Arrangement including old Crescent Point's share to unit reorganization.

	<b>September 30, 2003</b>		<b>December 31, 2002</b>	
	Number of Shares	Amount \$	Number of Shares	Amount \$
<b>Class A Shares</b>				
Balance, beginning of period	23,978,092	34,335,045	9,232,301	3,831,175
Issued under the private placement	2,360,000	10,030,000	14,066,291	29,489,254
Issued to acquire properties	-	-	667,000	1,000,500
Issued under stock option exercise	1,607,499	2,072,397	12,500	14,116
Balance at Plan of Arrangement	27,945,591	46,437,442	-	-
Shares to be issued in Trust Units	(25,130,464)	(41,759,520)	-	-
Shares to be issued in Exchangeable Shares	(2,815,127)	(4,677,922)	-	-
<b>Balance, end of period</b>	-	-	23,978,092	34,335,045
<b>Class B Shares</b>				
Balance, beginning of period	808,830	4,641,067	808,830	4,641,067
Shares to be issued in Trust Units	(736,604)	(4,226,634)	-	-
Shares to be issued in Exchangeable Shares	(72,226)	(414,433)	-	-
<b>Balance, end of period</b>	-	-	808,830	4,641,067
<b>Trust Units</b>				
Balance, beginning of period	-	-	-	-
Units issued for Class A shares	12,565,232	41,759,520	-	-
Units issued for Class B shares	552,453	4,226,634	-	-
Units issued to Tappit Shareholders	3,316,049	38,455,508	-	-
<b>Balance, end of period</b>	16,433,734	84,441,662	-	-
<b>Exchangeable Shares</b>				
Balance, beginning of period	-	-	-	-
Shares issued for Class A shares	1,407,563	4,677,922	-	-
Shares issued for Class B shares	54,169	414,433	-	-
Shares issued to Tappit Shareholders	538,268	6,242,170	-	-
Exchangeable Shares converted	-	-	-	-
<b>Balance, end of period</b>	2,000,000	11,334,525	-	-
Unit issue costs (net of tax)	-	(2,533,287)	-	(1,999,629)
<b>Total Unitholders Investment Account – End of period</b>	18,433,734	93,242,900	24,786,922	36,976,483

**b) Options**

	<b>September 30, 2003</b>		<b>December 31, 2002</b>	
	Share Options	Weighted average exercise price \$	Share Options	Weighted average exercise price \$
Outstanding –				
Beginning of period	1,980,000	1.80	830,000	0.35
Granted	127,000	4.75	1,217,500	2.75
Exercised <sup>1</sup>	(1,607,499)	1.29	(12,500)	1.13
Forfeited	(5,001)	2.68	(55,000)	0.70
Cancelled <sup>2</sup>	(494,500)	4.00		
Outstanding – End of period <sup>1</sup>	-	-	1,980,000	1.80
Options exercisable (vested) - End of period	-	-	940,001	1.38

Notes: \*

1 As part of the Arrangement all outstanding options immediately vested and were converted to Class A Shares.

2 A total of 494,500 options in the above table were granted subject to approval of The Toronto Stock Exchange (the "Exchange"). In order to obtain that Exchange approval such option grants were the subject of a shareholders resolution at the shareholders meeting of the Corporation on July 14, 2003. That resolution was withdrawn from consideration at the time of the meeting and was therefore not voted upon at the meeting on July 14, 2003. The Board of the Corporation cancelled these options on or about the effective date of the Arrangement and a cash payment of the difference between the share trading price and the option price was paid.

**c) Restricted Unit Plan**

Under the terms of the Restricted Unit Plans, the Trust may grant Restricted Units to directors, officers, employees, and consultants. Restricted Units vest at 33<sup>1/3</sup>% on each of the first, second and third anniversaries of the grant date. Restricted unit holders are eligible for the first third of their monthly distributions for the first year, immediately upon grant.

On October 1, 2003 the Trust issued 187,950 Restricted Units from treasury. The Trust has not recorded any in compensation expense for the plan for the three months ended September 30, 2003 (September 30, 2002 - nil). The unitholders have approved a maximum number of units allowable under the Restricted Unit plan of 935,000 units.

**d) Stock Based Compensation**

The Corporation accounts for its stock based compensation plans whereby no compensation costs have been recognized in the financial statements for share options granted to employees and directors. As now required by Canadian generally accepted accounting principles, the impact on compensation costs of using the fair value method whereby compensation costs had been recorded in net earnings, must be disclosed. If the fair value method had been used for options granted subsequent to January 1, 2002, the Corporation's net income, and net income per unit would approximate the following pro forma amounts:

	Three months ended		Nine months ended	
	30-Sep-03	30-Sep-02	30-Sep-03	30-Sep-02
	Amount \$	Amount \$	Amount \$	Amount \$
Compensation costs	441,044	99,038	769,580	339,114
Net income:				
As reported	1,339,999	925,439	9,683,539	1,811,406
Pro forma	898,955	826,401	8,913,959	1,472,292
Net income per unit				
Basic (2002 - A & B shares combined)				
As reported	0.09	0.08	0.65	0.18
Pro forma	0.06	0.07	0.60	0.15
Diluted:				
As reported	0.09	0.08	0.65	0.18
Pro forma	0.06	0.07	0.60	0.14

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model with weighted average assumptions for grants as follows:

Risk free interest rate	4.40%	4.20%	4.40%	4.20%
Expected lives (years)	2.17	2.71	2.17	2.71
Expected volatility	0.38	0.55	0.38	0.55
Dividend per share	-	-	-	-

## 7. FINANCIAL INSTRUMENTS

### a) Commodity hedging

The Trust had a number of fixed oil hedges outstanding at September 30, 2003 the summary of which are as follows:

	Volume (bbl/d)	Price (\$C/bbl)	Index	Unrecognized Gain (Loss) at September 30, 2003 \$
October 1, 2003 to December 31, 2003	2,565	38.54	WTI	(94,392)
January 1, 2004 to December 31, 2004	2,150	36.42	WTI	(78,475)
January 1, 2005 to March 31, 2005	2,250	36.00	WTI	23,625
				149,242

The Trust had one fixed price gas hedge outstanding September 30, 2003 the details of which are as follows:

	Volume (gj/d)	Price (\$C/gj)	Index	Unrecognized Gain (Loss) at September 30, 2003 \$
October 1, 2003 to October 31, 2003	1,000	5.00	AECO	86,070

The Trust has entered into the following gas costless collars:

	Volume (gj/d)	Price (\$C/gj)	Index	Unrecognized Gain (Loss) at September 30, 2003 \$
October 1, 2003 to October 31, 2003	1,000	5.40 - 7.00	AECO	-
November 1, 2003 to March 31, 2004	1,000	6.50 - 9.25	AECO	-

## CORPORATE INFORMATION

### DIRECTORS:

Hugh Gillard (1) (2)  
Ken Cugnet (3) (4)  
Paul Colborne (2) (3) (4)  
Greg Turnbull (1) (2)  
Peter Bannister (1) (3)  
Scott Saxberg (4)

1. Member of the Audit Committee of the Board of Directors
2. Member of the Compensation Committee of the Board of Directors
3. Member of the Reserves Committee of the Board of Directors
4. Member of the Health, Safety and Environment Committee of the Board of Directors

### OFFICERS:

Paul Colborne, Chairman  
Scott Saxberg, President & C.O.O.  
Wade Becker, Vice-President, Land  
Neil Smith, Vice President Engineering  
Dan Toews, Treasurer & Controller  
Dave Balutis, Manager Geology  
Rick McHardy, Corporate Secretary

**Head Office:** Suite 1800, 500 – 4 Avenue S.W., Calgary, Alberta T2P 2V6  
Tel: (403) 693-0020; Fax: (403) 693-0070

**Banker:** Scotiabank, Calgary, Alberta

**Auditor:** PricewaterhouseCoopers LLP, Calgary, Alberta

**Legal Counsel:** McCarthy Tétrault LLP, Calgary, Alberta

**Evaluation Engineers:** Gilbert Laustsen Jung Associates Ltd., Calgary, Alberta

### INVESTOR RELATIONS:

#### Registrar and Transfer Agent:

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

Olympia Trust Company  
2300, 125 - 9<sup>th</sup> Avenue SE, Calgary, Alberta T2G 0P6  
Tel: (403) 261-0900

**Stock Exchange:** Toronto Stock Exchange

**Stock Symbols:** CPG.UN

**Investor Contact:** Scott Saxberg, President and C.O.O. (403) 693-0020

**Crescent Point Energy Trust**

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