crius

ENERGY TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS
CRIUS ENERGY TRUST

MAY 13, 2013

The following management's discussion and analysis ("MD&A") for Crius Energy Trust (the "Trust") dated May 13, 2013 has been prepared with all information available up to and including May 13, 2013. This MD&A should be read in conjunction with the interim condensed consolidated financial statements for the period ended March 31, 2013 and annual consolidated financial statements for the period from inception on September 7, 2012 to December 31, 2012. The Trust's financial statements and other disclosure documents, including the Trust's Annual Information Form, are available on www.sedar.com and on the Trust's website at www.criusenergytrust.ca .

The consolidated financial statements of the Trust are prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements of the Trust are presented in United States dollars. All figures within this MD&A are presented in United States dollars unless otherwise indicated. Certain totals, subtotals and percentages may not reconcile due to rounding.

Certain information contained in this MD&A constitutes "forward-looking statements". Investors should read the "Note about Forward-Looking Statements" section at the end of this MD&A.

Non-IFRS financial measures

Statements throughout this MD&A make reference to EBITDA and Adjusted EBITDA which are non-IFRS financial measures commonly used by financial analysts in evaluating the financial performance of companies, including companies in the energy retailing industry. Accordingly, management believes EBITDA and Adjusted EBITDA may be useful metrics for evaluating the Trust's financial performance as they are measures that management uses internally to assess performance, in addition to IFRS measures. As there is no generally accepted method of calculating EBITDA and Adjusted EBITDA, these terms as used herein are not necessarily comparable to similarly titled measures of other companies. The items excluded from EBITDA are significant in assessing the Trust's operating results and liquidity. EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, net income or other data prepared in accordance with IFRS. EBITDA is calculated as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is calculated as EBITDA adjusted to exclude any change in the fair value of derivative instruments, change in fair value of non-controlling interest, unit based compensation and distributions to non-controlling interest. See the "Non-IFRS financial measures" section of this MD&A for a reconciliation of EBITDA and Adjusted EBITDA to net income and comprehensive income as calculated under IFRS for the period, the most directly comparable measure in the Trust's consolidated financial statements. Other financial data has been prepared in accordance with IFRS.

Overview

The Trust is an unincorporated, open-ended limited purpose trust established under the laws of the Province of Ontario on September 7, 2012. The Trust has been established to provide investors with a distribution-producing investment through the acquisition of a 26.8% ownership interest ("Acquisition of the Company Interest") in Crius Energy LLC ("Crius Energy" or the "Company") by its indirect wholly-owned subsidiaries. The Trust's ownership interest in the Company entitles it, through its wholly-owned subsidiaries, to appoint a majority of the members of the board of directors of the Company, and thereby to control the day-to-day operations of the Company.

Throughout this MD&A, the Trust and its subsidiaries are collectively referred to as the "Trust" and the term "Company" or "Crius Energy" refers to Crius Energy LLC and its consolidated subsidiaries. In addition, references to the results of operations refer to operations of the Company, of which the Trust holds a 26.8% ownership interest. Operations officially commenced on November 13, 2012, concurrent with the initial public offering of the Trust (the "IPO") and the Trust's acquisition of a 26.8% ownership interest in the Company. As the Trust was formed on September 7, 2012 and did not begin active operations until November 13, 2012, there is no comparative financial information other than the Trusts balance sheet as of December 31, 2012.

Crius Energy is an independent retail energy provider that markets and sells electricity and/or natural gas through multiple wholly-owned subsidiaries to residential and small-to-medium size commercial customers under variable price contracts, allowing the customer to maintain flexibility with a rate that can change at any time and has no term, or fixed price contracts, providing the customer with price certainty over the term of the contract. Crius Energy markets its electricity contracts to customers in Connecticut, Delaware, the District of Columbia, Illinois, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Ohio and Pennsylvania, and its natural gas contracts to customers in Indiana, New Jersey, New York, Ohio and Pennsylvania under the following brand names: Viridian Energy, Public Power, Cincinnati Bell Energy, FairPoint Energy and FTR Energy Services.

Through each of its brands, Crius Energy is able to deploy a variety of sales channels to focus on unique customer segments. These include network marketing, telemarketing, door-to-door, inbound call centers and strategic marketing relationships with channel partners.

Q1 2013 Highlights

- Residential customer equivalents ("RCEs") totaled 583,132 at the end of the first quarter, up 9.1% quarter-over-quarter and 26.5% year-over-year
- Sold 1.3 million MWh of electricity and 1.7 million Mmbtu of natural gas for the quarter ended March 31, 2013
- Revenue of $119.0 million for the quarter ended March 31, 2013
- Gross margin of $20.9 million for the quarter ended March 31, 2013
- Gross margin as a percentage of revenue of 17.5% for the quarter ended March 31, 2013
- Adjusted EBITDA of $5.5 million for the quarter ended March 31, 2013
- Adjusted EBITDA as a percentage of revenue of 4.7% for the quarter ended March 31, 2013
- Net income of $29.6 million for the quarter ended March 31, 2013
- Cash balance of $24.6 million and no long term debt as of March 31, 2013
- Through its wholly-owned subsidiary FairPoint Energy LLC, the Company entered into an agreement with PNE Energy Supply LLC to acquire a portfolio of residential and small commercial customer accounts in New Hampshire.

Highlights Subsequent to Q1 2013

- Announced a three-year extension of the exclusive marketing relationship with Cincinnati Bell Inc. (NYSE: CBB), effective April, 12, 2013, to continue to market natural gas and green electricity through the brand Cincinnati Bell Energy.
- Company announced newly created role of Vice President of Risk Management, to provide a dedicated resource responsible for gross margin realization and overseeing forecasting, pricing and procurement.

- Completed a thorough search process to select a leading third party provider of energy forecasting services, consolidating and streamlining the wholesale forecasting process beginning in the second quarter of 2013.

Q1 2013 Discussion

The first quarter of 2013 was highlighted by continued strong customer growth, increasing by over 9% from the fourth quarter of 2012 and over 26% from the first quarter of 2012. Customer growth in the first quarter was highlighted by strong growth in the network marketing sales channel and through our exclusive marketing relationships. The growth in the network marketing channel was supported by increased promotions and sales incentives, amounting to $0.9 million. The channel also added over 4,400 new sales associates in the first quarter. The growth in the Company's exclusive marketing relationships is attributable to the ramping up of various sales efforts and internal incentive programs. Management views this organic growth as an affirmation of our industry-unique business model and a leading indicator of future revenue growth which will help to support the Trust's distributions in the future.

Management has made progress with the integration of several key IT platforms following the September 2012 pre-IPO merger of Regional Energy Holdings, Inc. and Public Power, LLC which, as highlighted in the prospectus, dated November 13, 2012, is expected to result in cost savings for the business as well as create a platform for continued organic growth. As of the end of the first quarter of 2013, integration was still ongoing resulting in non-recurring costs related to information technology of $0.5 million incurred during the quarter. Management expects the realization of cost savings to occur in the second quarter of 2013 when the integration is expected to be substantially completed.

As indicated in connection with the December 31, 2012 results, the first quarter 2013 financial results were impacted by challenging market conditions and differences between forecasted electricity volumes and actual electricity volumes. First quarter results were in line with management's revised internal forecasts and specifically impacted gross margins in January and February of 2013. As expected by management, market conditions and gross margins returned to typical levels in March. For a more detailed explanation of the impact to gross margins, please see the "Gross Margins" section below.

Management has taken a number of steps to help limit future volatility in earnings which include: (1) creating a dedicated role of Vice President of Risk Management responsible for gross margin realization, which includes overseeing forecasting, pricing and energy procurement, and (2) completing a thorough search process to select a leading third party provider of energy forecasting services that will streamline the forecasting system starting in the second quarter of 2013. Additionally, the Company has an active risk policy regarding commodity exposures, which it not only is in compliance with at all times, but also is continuously reviewing.

The Company ended the quarter in a strong financial position with no long-term debt and $24.6 million of cash on its balance sheet. Management believes that there are a number of compelling acquisition opportunities in its current markets and markets it has yet to enter. The Company has the financial resources and flexibility to fund and complete any such acquisitions expeditiously. This ability was evident during the first quarter with the small acquisition of a portfolio of residential and small commercial customer accounts in New Hampshire through an agreement between its wholly-owned subsidiary FairPoint Energy, LLC and PNE Energy Supply, LLC.

(a) Customer Aggregation[1]

The following table summarizes the Company's historical growth in customers over the trailing twelve months to March 31, 2013, by quarter.

Customer Aggregation
(in customers)[2]

	Opening Customer Count	Customer Adds[3]	Customer Drops[3]	Net Change	Closing Customer Count
Electricity	445,765	85,378	(62,121)	23,257	469,022
Natural Gas	15,193	13,139	(1,754)	11,385	26,578
Quarter ending June 30, 2012	**460,958**	**98,517**	**(63,875)**	**34,642**	**495,600**
Net Change % of Opening Customer Count				*7.5%*	
Electricity	469,022	77,103	(72,433)	4,670	473,692
Natural Gas	26,578	5,775	(1,820)	3,955	30,533
Quarter ending September 30, 2012	**495,600**	**82,878**	**(74,253)**	**8,625**	**504,225**
Net Change % of Opening Customer Count				*1.7%*	
Electricity	473,692	85,465	(61,097)	24,368	498,060
Natural Gas	30,533	7,891	(1,920)	5,971	36,504
Quarter ending December 31, 2012	**504,225**	**93,356**	**(63,017)**	**30,339**	**534,564**
Net Change % of Opening Customer Count				*6.0%*	
Electricity	498,060	92,063	(56,883)	35,180	533,240
Natural Gas	36,504	16,065	(2,677)	13,388	49,892
Quarter ending March 31, 2013	**534,564**	**108,128**	**(59,560)**	**48,568**	**583,132**
Net Change % of Opening Customer Count				*9.1%*	

Notes:

(1) Reflects customer aggregation data for the Company for the period from April 1, 2012 to March 31, 2013 which includes customer data for the Company, Regional Energy Holdings, Inc., Public Power, LLC and their wholly-owned subsidiaries prior to the Acquisition of the Company Interest by the Trust on November 13, 2012.

(2) Customers are estimates of the residential customer equivalents based on customer accounts and information available regarding their historical usage.

(3) Customer adds and customer drops are based on a customer's service commencement date and service end dates, which lag the customer's enrolment and termination request dates respectively by several months.

Sources of Revenue

The Company earns its revenue primarily from electricity and natural gas sales and recognizes its revenue based on customer consumption. Both electricity and natural gas are subject to seasonal variations in customer usage and the Company's revenues may fluctuate accordingly; however, the impact of seasonality on customer usage is one of the many factors impacting revenues, which are also affected by retail rates charged to customers, customer growth and customer attrition. Electricity consumption is typically highest during the summer months (July and August) due to cooling demand and, to a lesser extent, during the winter months (January and February) due to heating demand. Natural gas consumption is typically highest during the months of October through March due to heating demand.

The Company also receives revenue from fees paid by independent contractors in the network marketing channel. Independent contractors pay sign-up fees and other fees to the Company to participate in the network marketing program. Sign-up fees are deferred and recognized over the twelve month term of the independent contractor agreement and other monthly fees are recognized on a monthly basis.

Energy Procurement

The Company procures its energy and hedging requirements from various wholesale energy markets, including both physical and financial markets and through short-term and long-term contracts. For both electricity and natural gas, the Company procures its wholesale energy requirements at various utility load zones for electricity and various city gates for natural gas, based on the geographic location of our customers. See "Financial Instruments and Risk Management" in this management's discussion and analysis for details of the risk management processes adopted by the Company to minimize commodity market risk.

The Company's gross margin is derived from the difference between the price charged to its customers and that paid to its supplier, Macquarie Energy, and other non-energy wholesale energy suppliers. The Company also incurs selling expenses to compensate independent contractors and exclusive marketing partners for customer acquisition activities through a mixture of upfront payments and residual-based payments proportionate to customer usage (payable only upon receipt of customer payment). All such costs are recognized as expenses in the period incurred pursuant to the contractual arrangements in place. In addition, the Company incurs general, administrative and financing expenses to operate its business.

Selected Consolidated Financial and Operational Data

The following selected historical financial information has been derived from the consolidated financial statements of the Trust for the period ended March 31, 2013. The operating data has been prepared by management based on the Company's records.

Statement of Comprehensive Income Highlights
(in millions)

	Quarter ending March 31, 2013
Revenue	$119.0
Cost of sales	$98.1
Gross margin	$20.9
Selling expenses	$7.0
General and administrative	$8.3
Unit based compensation	$0.1
Depreciation and amortization	$9.7
Finance costs	$1.5
Distributions to non-controlling interest	$10.8
Change in fair value of derivative instruments	$(1.2)
Change in fair value of non-controlling interest	$(41.9)
Benefit from income taxes	($3.1)
Net income and comprehensive income	$29.6
EBITDA(1)	$24.6
Adjusted EBITDA(1)	$5.5

Notes:

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

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

	Quarter ending March 31, 2013
Net income and comprehensive income	$29.6
Excluding the impacts of:	
Benefit from income taxes	($3.1)
Finance costs	$1.5
Depreciation and amortization	$9.7
EBITDA	$37.7
Excluding the impact of:	
Change in fair value of derivative instruments	$(1.2)
Change in fair value of non-controlling interest	$(41.9)
Change in unit based compensation	$0.1
Change in distributions to non-controlling interest	$10.8
Adjusted EBITDA	$5.5

Statement of Financial Position Highlights
(in millions)

	As at March 31, 2013	As at December 31, 2012
Current assets	$89.3	$93.8
Total assets	$440.8	$449.8
Current liabilities	$59.2	$53.7
Long-term liabilities	$262.6	$304.4
Unitholders' equity	$118.9	$91.7

Operational Highlights for the quarter ending March 31, 2013

	Quarter ending March 31, 2013
Electricity	
Volumes (MWh)	1,265,608
Revenue ($ million)	$109.1
Gross margin ($ million)	$18.3
Gross margin ($/MWh)	$14.48
Gross margin as a % of revenue	16.8%
Natural gas	
Volumes (Mmbtu)	1,647,731
Revenue ($ million)	$8.9
Gross margin ($ million)	$1.5
Gross margin ($/Mmbtu)	$0.92
Gross margin as a % of revenue	17.2%

Statement of Cash Flows Highlights
(in millions)

	Quarter ending March 31, 2013
Cash flows used in operating activities	$(1.4)
Cash and cash equivalents at end of year	$24.6

Results of Operations

For the quarter ending March 31, 2013

Revenue

For the period ending March 31, 2013 revenue was $119.0 million. Revenue was consistent with management's expectations and reflected strong customer growth in the fourth quarter of 2012 and in the first quarter of 2013.

Electricity

For the period ending March 31, 2013 electricity revenue was $109.1 million. Electricity revenue for the period ending March 31, 2013 accounted for 91.7% of total revenue. Electricity volumes for the period ending March 31, 2013 were 1,265,608 MWh.

Natural Gas

For the period ending March 31, 2013, natural gas revenue was $8.9 million. Natural gas revenues accounted for 7.5% of total revenue. Natural gas volumes for the period ending March 31, 2013 were 1,647,731 Mmbtu.

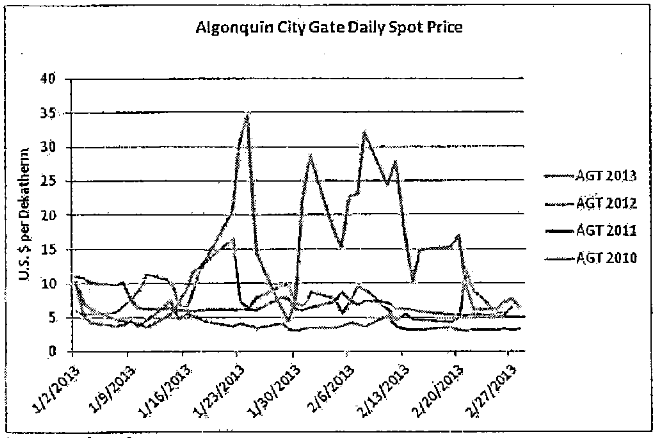
Fee Revenue

Fee revenue consists of sign-up fees and other monthly fees received from independent contractors in the network marketing channel. For the period ending March 31, 2013, fee revenue was $1.0 million. Fee revenue for the period ending March 31, 2013 accounted for 0.8% of total revenue

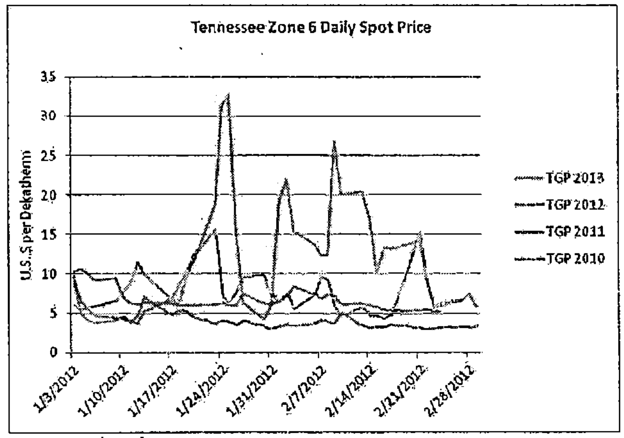
Gross Margin

For the period ending March 31, 2013 gross margin was $20.9 million, representing 17.5% of total revenue. On a monthly basis, gross margin was 16.7% of revenue in January, 7.3% of revenue in February and 28.1% of revenue in March. Due to seasonality, January and February have historically been lower than average margin months. As indicated in the disclosure of our year-end financial results, January and February's margins were lower than typical due to challenging market conditions and a significant difference between forecasted and actual electricity volumes in key markets (volumetric risk).

In ISO New England (ISO-NE), the electricity grid for northeast markets such as Connecticut, Massachusetts, Maine and New Hampshire, natural gas-fired electric generation represents approximately 40% of the electricity load. The high dependency on natural gas-fired generation, nearly double that of the mid-Atlantic power grid (PJM Interconnection), means that natural gas prices are a primary driver of electricity prices in ISO-NE. Two of the natural gas pipelines that provide natural gas to ISO-NE, Algonquin Gas Transport (AGT) and Tennessee Gas Pipeline (TGP), experienced record high prices in the first quarter. As can be seen in the charts below, natural gas market prices in January and February were materially higher than in prior years and such a substantial increase was principally responsible for the increase in the price of electricity to record levels in ISO-NE. The charts below show the basis above NYMEX.



Source: Bloomberg



Source: Bloomberg

Crius Energy's forecasted commodity exposure entering January and February was predominately hedged. However, the Company experienced a significant deviation between forecasted electricity volumes and actual electricity volumes in the ISO-NE load zones, which is known as volumetric risk. Forecasted volumes were less than the actual volumes, materially impacting the Company's first quarter results. Management believes that several factors contributed to increased volumes consumed by customers including winter storm Nemo in January and persistent extreme cold weather in February.

Market conditions returned to normal levels in the month of March which is reflected in March's margins. While the Company's business is always subject to volumetric risk, Crius has taken a number of steps to limit this risk in future quarters. Crius has created a dedicated role of Vice President of Risk Management, which has overall responsibility for gross margin realization which includes forecasting, pricing and procurement. The Company also conducted a thorough search process and selected a leading third party provider to streamline the forecasting system. Together with these changes and a return to typical market conditions as evident in March's gross margins, management expects that the second quarter's gross margins will return to its typical levels.

Electricity

Electricity gross margins for the period ending March 31, 2013 were $18.3 million and electricity gross margins per unit were $14.48/MWh (16.8% of electricity revenue).

Natural Gas

Natural gas gross margins for the period ending March 31, 2013 were $1.5 million, representing gross margins per unit of $0.92/Mmbtu ((17.2%) of natural gas revenue).

Selling Expenses

Selling expenses consist of commissions due to independent contractors in the network marketing channel, telemarketing and door-to-door channel and to partners in our exclusive marketing partnerships for enrolling new customers and for customer electricity and natural gas consumption. Selling expenses are expensed in the period that the commissions are earned by the independent contractors or exclusive marketing partnerships.

Commissions earned are comprised of upfront commissions, which are primarily based on the successful enrolment of the customer with the utility, and residual commissions, which are based on customer consumption and receipt of customer payment. The commission structures by sales channel are summarized below:

- Commissions due to independent contractors for customers acquired through network marketing are calculated pursuant to a multi-level compensation plan designed to reward independent contractors for building successful marketing networks. Under the compensation plan, independent contractors are eligible to earn upfront and residual commissions, cash bonuses and promotional pay based on a number of factors, including, but not limited to, customer enrolment and energy usage. Residual commissions are earned and payable after receipt of payment from the customer.

- Commissions due for customers acquired through our exclusive marketing partnerships are calculated based on a fixed upfront commission per customer enrolled, subject to a partial or full repayment of commission for customers who terminate their service within the first three months, and a residual-based commission based on a percentage of revenue share over a customer's term of enrolment, earned and payable after receipt of the payment from the customer.

- Commissions due to independent contractors in our telemarketing and door-to-door channel are primarily comprised of upfront commission based on the successful qualification of the customer with the utility, subject to a partial or full repayment of commissions for customers who terminate their service within the first three months.

For the period ending March 31, 2013, selling expenses amounted to $7.0 million. Selling expenses amounted to 5.9% of customer revenue. These costs consist of (a) upfront customer acquisition commissions of $4.0 million (amounting to $38.70 per customer acquired) and (b) residual based commissions of $3.0 million (amounting to 2.6% of customer revenues). Upfront customer commissions were higher than historical levels and included $0.9 million in non-recurring sales promotions to drive increased customer growth, which equated to approximately $8.30 per customer enrolled.

General and Administrative Expenses

General and administrative expenses for the period ending March 31, 2013 were $8.3 million and amounted to 6.9% of revenues. General and administrative expenses for the period ending March 31, 2013 are set out in the table below.

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

	Quarter ending March 31, 2013	
General and Administrative Expenses	**$**	**%**
POR fees / bad debt	$1.5	1.3%
Processing costs	$1.0	0.8%
Human resources	$3.1	2.6%
Gross receipts taxes and other taxes/levies	$0.5	0.4%
Legal and regulatory	$0.3	0.2%
Other	$1.9	1.6%
Total	$8.3	6.9%

As of the end of the first quarter, integration of the previous IT platforms following the September 2012 merger of Regional Energy Holdings, Inc. and Public Power, LLC was still ongoing resulting in non-recurring costs related to information technology of $0.5 million incurred during the quarter, which are included in the Processing costs category above. Management expects the realization of cost savings to occur in the second quarter of 2013 when the integration is expected to be substantially completed.

Unit Based Compensation

The unit based compensation charge relates to the issuance of 14,924 Restricted Trust Units ("RTU") to the directors of the Administrators of the Trust on March 25, 2013. For the period ending March 31, 2013 unit based compensation expense amounted to $0.1 million and reflected the fair value of these RTU's based on the market price of the Trust units at the end of the period.

Depreciation and Amortization

Depreciation and amortization relate to the property, equipment and intangibles used in the Company's operations. Depreciation and amortization for the period ending March 31, 2013 was $9.7 million.

Finance Costs

Finance costs for the period ending March 31, 2013 were $1.5 million. Finance costs are primarily incurred pursuant to the Company's agreements with Macquarie Energy LLC ("Macquarie Energy"), for the exclusive supply of the Company's wholesale energy needs and hedging requirements for a term ending in October 2017 (the "Supplier Agreement"). Under the Supplier Agreement, Macquarie Energy assumes the responsibility for meeting all the credit and collateral requirements with each Independent System Operator or ISO. Under the Supplier Agreement, the utilities serving the Company's customers are directed to remit all customer payments into a designated restricted bank account, (the "Lockbox"), and the funds in that account are used to pay Macquarie Energy for the energy supplied and other fees and interest due under the Supplier Agreement. The trade payables are secured by funds pledged in the Lockbox, accounts receivable and all other assets of the Company.

Macquarie Energy extends trade credit to buy wholesale energy supply, with all amounts due being payable in the month following delivery of the energy. The credit extended under the Supplier Agreement was limited to an overall exposure limit of $200 million subject to certain customary financial covenants, and limited to a calculated credit base based on restricted cash in the Lockbox, billed and unbilled receivables. The Company incurs a volumetric fee based on the wholesale energy delivered, which is included in finance costs in the statement of comprehensive income.

The Supplier Agreement includes a working capital facility with a sub-limit of $25 million under which letters of credit and cash advances can be made based on the calculated credit base. Such letters of credit and cash advances under this line are subject to an annual interest rate of 5.5% plus LIBOR.

As at March 31, 2013, Macquarie Energy had extended trade credit to Crius Energy totaling $28.6 million under this Supplier Agreement. At March 31, 2013, letters of credit issued totaling $5.4 million were issued and cash advances totaling $9.0 million were drawn under the working capital facility. During the quarter ended March 31, 2013 interest expense under the working capital facility totaled $0.09 million. As at March 31, 2013, the aggregate availability under the credit facility was $3.6 million.

Distributions to Non-controlling Interest

Distributions to non-controlling interest for the period ending March 31, 2013 were $10.8 million. Due to the redeemable nature of the non-controlling interest in Crius Energy arising from certain provisions in the governance documents, the non-controlling interest is classified as a Long-term liability on the consolidated statement of financial position. Accordingly, monthly distributions paid by Crius Energy to the non-controlling interest based on their 73.2% interest in Crius Energy, are included in the profit and loss.

Change in Fair Value of Derivative Instruments

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

For the period ending March 31, 2013, the unrealized gains and losses associated with derivative contracts were a gain of $1.2 million; made up of (a) unrealized gains of $1.1 million on forward electricity positions, (b) unrealized gains of $0.3 million on forward natural gas positions and (c) unrealized losses of $0.2 million on forward currency positions. These gains and losses represent non-cash gains and losses associated with mark-to-market movements on forward hedge positions that are outstanding at period end.

Change in Fair Value of Non-controlling Interest

The change in fair value of non-controlling interest for the period ending March 31, 2013 was a gain of $41.9 million, representing the mark to market valuation of the non-controlling interest liability included on the consolidated statement of financial position.

Due to the redeemable nature of the non-controlling interest in Crius Energy arising from certain provisions in the governance documents, the non-controlling interest is classified as a Long-term liability on the consolidated statement of financial position. This non-controlling interest is measured at fair value at the end of each period with the gain or loss being charged to profit or loss in the consolidated statement of comprehensive income. The fair value of the non-controlling interest is measured principally based on the publicly traded unit price of the Trust, with an adjustment for profit interest units of Crius Energy, LLC that is calculated using an option pricing model.

Income Taxes

For the period ending March 31, 2013, the benefit for income taxes was $3.1 million. While the Trust was in a pre-tax income position for the quarter, it was in a net taxable loss position after adjusting for permanent differences including, the change in fair value of non-controlling interest, distributions to non-controlling interests as well as income of Crius Energy that is attributed directly to the non-controlling unitholders of Crius Energy. Under United States partnership taxation rules, Crius Energy is not a taxable entity and its taxable income/(loss) flows through to its partners who are then taxed on their allocable share of the partnership income tax/(benefit).

Net Income and Comprehensive Income

For the period ending March 31, 2013, net income and comprehensive income was $29.6 million.

Liquidity and Capital Resources

The Trust expects to have sufficient liquidity to fund its planned operations for the foreseeable future. The following are the primary sources of funding for future expenditures are expected by management to be available: (i) internally generated cash flow from operations; (ii) existing cash and working capital; and (iii) borrowing capacity under our Supplier Agreement. Additionally management may seek to raise capital via the following means (iv) external debt financing and (v) new capital through the issuance of additional Units.

Under the Supplier Agreement, the Company and its operating subsidiaries are permitted to make monthly distributions provided that (i) no event of default, termination event or potential event of default under the Supplier Agreement has occurred, (ii) Macquarie Energy has been paid in full for all amounts owing under all then outstanding monthly invoices, (iii) Macquarie Energy has not received notice that any amount owed to any party is then currently past due, and (iv) the requested distribution would not result in a breach of any covenant under the Supplier Agreement. Refer to the discussion under "Principal Agreement with Macquarie Energy" in the Trust's 2012 Annual Information Form, available on www.sedar.com and on the Trust's website at www.criusenergytrust.ca, for a detailed description of the Supplier Agreement.

Cash and Working Capital Position, Cash Flow from Operations

As of March 31, 2013, the Trust had no long term debt and a cash and working capital balance of $24.6 million and $30.1 million, respectively.

Cash flow used in operations for the quarter ending March 31, 2013 amounted to $1.4 million and included net outflows of $7.4 million of net change in operating assets and liabilities, primarily resulting from the growth in customer accounts receivable, a higher customer base, higher retail rates and seasonality. Also contributing to the net change in operating assets and liabilities was the change in trade and other payables, which was impacted by both seasonality as well as $2.6 million of gross receipts tax payments for 2012 and pre-payments for 2013 which were made in the quarter.

Contractual Obligations

In the normal course of business, the Company is obligated to make future payments under various non-cancellable contracts and other commitments. As at March 31, 2013, the payments due by period are set out in the following table:

Contractual Obligations
(in $ millions)

	Carrying Amount	Contractual Cash Flow	Less Than 1 Year	1 to 5 Years	More Than 5 Years
Trade and other payables	$48.1	$48.1	$48.1	$—	$—
Credit facility	9.0	9.0	—	9.0	—
Derivative instruments	1.2	1.2	1.2	—	—
Operating leases	—	2.0	0.7	1.3	—
Distribution payable	0.8	0.8	0.8	—	—
Other long term liabilities	1.5	1.1	—	1.1	—
	$60.6	**$62.2**	**$50.8**	**$11.4**	**$—**

Distributions

As required by National Policy 41-201 - *Income Trusts and Other Indirect Offerings*, the following table outlines the differences between net cash used in operating activities and cash distributions as well as the differences between net income and cash distributions.

(in $ millions)	**Quarter ending March 31, 2013**
Cash flows used in operating activities	(1.4)
Finance costs included within financing activities	(1.5)
Cash flows used in operating activities adjusted to include interest	**(2.9)**
Net income	29.6
Distributions to unitholders	3.0
Distributions to non-controlling interest	8.5
Total distributions	**11.5**
Excess (shortfall) of cash flows used in operating activities including interest over cash distributions paid	(14.4)
Excess (shortfall) of net income over cash distributions paid	18.1

Distributions exceeded cash flows used in operating activities (adjusted to include interest) for the period. Cash used in operating activities (adjusted to include interest) was impacted adversely by (a) the impacts of lower than normal gross margins in January and February due to challenging market conditions and differences between forecasted and actual electricity volumes in key markets (volumetric risk), (b) changes in operating assets and liabilities of $(7.4) million in the quarter primarily due to the impacts of growth in customer accounts receivables resulting from a significantly higher customer base and higher retail rates over the quarter together with the impact of seasonality in the period which covers the peak winter electric and natural gas heating season. With increased electric and natural gas demand, cash is used to satisfy the lag from the time the Company pays for the energy procured to the time the Company receives payments from customers for the energy supply. The Trust expects these impacts of seasonality to even out over a 12 month period. Additionally, the changes in working capital included $2.6 million in gross receipts tax payments for 2012 and pre-payments for 2013. This shortfall was funded by existing cash as well as by cash advances under the credit facility.

Outstanding Unit Data

At the date of this MD&A, May 13, 2013, the Trust had 10,014,924 Units outstanding including 14,924 Units issued pursuant to RTUs issued to directors of the Administrator on March 25, 2013.

Off Balance Sheet Items

Pursuant to the Supplier Agreement, the Company has issued letters of credit totalling $5.4 million to various counterparties, principally utilities.

Pursuant to separate arrangements with International Fidelity Insurance Corporation and ACE American Insurance Company the Company has issued surety bonds to various counterparties including States, regulatory bodies and utilities in return for a fee and/or meeting certain collateral posting requirements. Such surety bond postings are required in order to operate in certain states or markets. Total surety bonds issued as at March 31, 2013 totaled $7.9 million.

Financial Instruments and Risk Management

Electricity and natural gas derivatives

The Company has entered into contracts with customers to provide electricity or natural gas at either variable or fixed prices, with the majority of the electricity and natural gas provided by the Company to customers pursuant to variable price contracts. Fixed price contracts expose the Company to changes in market prices of electricity and natural gas as the Company is obligated to purchase the electricity or natural gas at floating wholesale market prices for the electricity or natural gas consumed by its customers. To reduce its exposure to short-term and long-term movements in commodity prices arising from the procurement of electricity or natural gas at floating prices, the Company uses derivative instruments. These derivative instruments are principally fixed-for-floating swaps whereby the Company agrees with a counterparty, currently Macquarie Energy, to cash settle the difference between the floating price and the fixed price on a notional quantity of electricity or natural gas for a specified time frame. The cash flow from these instruments is expected to be effective in offsetting the Company's price exposure and serves to fix the Company's wholesale cost of electricity or natural gas to be delivered to the customer. The Company remains subject to commodity risk for any volumetric differences between the actual quantities used by customers and the forecasted quantities upon which the commodity hedging is based.

Realized swap settlements under derivative instruments are included in cost of sales in the consolidated statement of comprehensive income. Unrealized gains or losses resulting from changes in the fair value of the swaps, generally referred to as mark-to-market gains or losses, have been recognized as the change in fair value on derivative instruments in the consolidated statement of comprehensive income.

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

As at March 31, 2013, the Company had fixed-for-floating swap contracts with the following terms:

	Notional Volume	Total Remaining Volume	Maturity Date	Fixed Price	Fair Value (unfavorable)	Notional Value
Fixed-for-floating electricity swaps	1-126 MWh	384,833 MWh	1-15 months	$31.10 to $58.98	(1,161)	$18,446

Currency derivatives

The Company is exposed to currency risk as its business operations are conducted in United States dollars and distributions are denominated in Canadian dollars. To reduce its exposure to fluctuations in currency markets, the Company uses derivative instruments, including foreign exchange options and swaps whereby the Company agrees with a counterparty, to swap (or to have the right to swap) the floating price and the fixed price on a notional quantity of currency at or over a specified time frame. Realized settlements under derivative instruments are included in the relevant section of the consolidated statement of comprehensive income) or consolidated balance sheet. Unrealized gains or losses resulting from changes in the fair value of the derivatives, generally referred to as mark-to-market gains or losses, have been recognized as the change in fair value on derivative instruments in the consolidated statement of comprehensive income.

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

As at March 31, 2013, the Company had foreign currency derivatives outstanding with the following terms:

	Notional Value	Total Remaining Volume	Maturity Date	Fixed Price	Fair Value favorable/ (unfavorable)
Foreign exchange options	US$10,954 C$10,943	US$10,954 C$10,943	1-12 months	C$0.999 per US$1	US$98

Transactions with Related Parties

On September 18, 2012, the Company entered into an arm's length transition services agreement for professional services with Gries Management, LLC which indirectly owns units in the Company, during an initial period of six months after Regional Energy Holdings Inc. and Public Power LLC combined to form Crius Energy, with the option to extend the agreement for an additional six months. As of March 31, 2013, included in trade and other payables is a payable balance in the amount of $0.06 million. For the quarter ending March 31, 2013, included in general and administrative expenses are charges in the amount of $0.1 million related to this agreement. The Company has given notice that it will not extend the agreement subsequent to the initial six month term.

The Company is a party to the Supplier Agreement with Macquarie Energy, which is related to Macquarie Americas Corp which holds a membership interest in the Company. Details of this arrangement are discussed above in the "Finance Costs" section of this MD&A.

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

Risks and Uncertainties

The Trust's operations are affected by a number of underlying risks, both internal and external to the Trust. The Trust's financial position, results of operations, and cash distributions are directly impacted by these factors.

A full listing of the operational and business risks is set out in the Trust's 2012 Annual Information Form that is available on www.sedar.com and on the Trust's website at www.criusenergytrust.ca.

The Trust's activities expose it to a variety of financial risks that arise as a result of its operating, investing, and financing activities, including:

- Market risk, including commodity price risk, interest rate risk and foreign currency risk;
- Credit risk, including customer credit risk and counterparty credit risk
- Liquidity risk

This section sets out information about the Trust's exposure to each of these risks, the Trust's objectives, policies and processes for measuring and managing risk, and the Trust's management of capital. Further quantitative disclosures are included throughout the interim condensed consolidated financial statements.

Market risk

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

Commodity price risk

The Trust is exposed to market risks associated with commodity prices and market volatility where estimated customer requirements do not match actual customer requirements. Management actively monitors these positions on a daily basis in accordance with its Risk Management Policy. This policy sets out a variety of limits, most importantly thresholds for open positions in the electricity and natural gas portfolios. The Trust's exposure to market risk is affected by a number of factors, including accuracy of estimation of customer commodity requirements, commodity prices, volatility and liquidity of markets.

The Trust enters into derivative instruments in order to manage exposures to changes in commodity prices. The inability or failure of the Trust to manage and monitor the above market risks could have a material adverse effect on the operations and cash flow of the Trust.

Interest rate risk

The Trust is exposed to interest rate risk on certain advances within the Supplier Agreement. The Trust has letters of credit and cash advances outstanding of $14.4 million under this facility, and therefore is exposed to interest rate risk. The Trust's current exposure to interest rate risk does not economically warrant the use of derivative instruments and the Trust does not currently believe that it is exposed to material interest rate risk. In the period ending March 31, 2013 the impact of a 1% increase (decrease) in the interest rate on these balances would not have had a material impact on Finance costs in the consolidated statement of comprehensive income.

Foreign currency risk

The Trust is exposed to currency rate risk in that its business operations are conducted in United States dollars, however, its distributions and publicly listed units are denominated in Canadian dollars. The Trust mitigates its exposure to currency rate movements by entering into currency derivative hedging products including options and swaps. The Trust maintains a rolling 12 month hedging program for this foreign currency exposure and as at March 31, 2013 was hedged based on its current monthly distribution payout rate of C$0.0833 per unit to March 31, 2014.

Credit risk

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

Customer credit risk

In Maine, Massachusetts, New Hampshire, District of Columbia, certain Ohio markets and New Jersey, the Trust is exposed to customer credit risk and, therefore, credit review and other processes have been implemented to perform credit evaluations of customers and manage customer default. If a significant number of customers were to default on their payments, it could have a material adverse effect on the operations and cash flows of the Trust.

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

As at March 31, 2013, the customer credit risk exposure amount of $14.5 million represents the risk related to the Trust's accounts receivable from Maine, Massachusetts, New Hampshire, District of Columbia, certain Ohio markets and New Jersey and the accounts receivable aging for these markets are as follows:

	Current	**1-30 days**	**31-60 days**	**Over 60 days**	**Total**
Accounts receivable	$10.8	$1.0	$1.2	$1.5	$14.5

Counterparty credit risk

Counterparty credit risk represents the loss that the Trust would incur if a counterparty fails to perform under its contractual obligations. This risk would manifest itself in the Trust replacing contracted supply at prevailing market rates, thus impacting the related customer margin. Counterparty risk is limited to Macquarie Energy for all wholesale supply positions. However, the failure of the counterparty to meet its contracted obligations could have a material adverse effect on the operations and cash flows of the Trust. As at March 31, 2013, the maximum counterparty credit risk exposure amounted to $0.1 million representing the risk relating to its derivative financial assets.

Liquidity risk

Liquidity risk is the potential inability to meet financial obligations as they fall due. The Trust manages this risk by monitoring cash flow forecasts for the next 12 months to ensure adequate and efficient use of cash resources and credit facilities.

The table above under the "Contractual Obligations" section of this MD&A outlines the contractual maturities of the Trust's financial liabilities as at March 31, 2013.

Supplier risk

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

International Financial Reporting Standards

The Trust prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

Critical Accounting Estimates

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

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

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

(a) *Revenue recognition*

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

(b) *Accounts receivable*

The Company reviews its accounts receivables at each reporting date to assess whether an allowance needs to be provided to reflect estimated amounts that will not be collected from customers. In particular, judgment by management is required in the estimation of the amount and timing of collectability of accounts receivable, based on financial conditions, the aging of the receivables, customer and industry concentrations, the current business environment and historical experience. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

(c) *Fair value*

Determining the value of derivative instruments requires judgment and is based on market prices or management's best estimates if there is no market and/or if the market is illiquid. Where the fair value of financial instruments recorded cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgment includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The fair value of the non-controlling interest is measured principally based on the publicly traded unit price of the Trust, with an adjustment for the profit interest units of Crius Energy LLC that is calculated using an option pricing model. The fair value of the unit based compensation liability is measured by the publicly traded unit price of the Trust.

The fair value of financial instruments is significantly influenced by the variability of forward commodity and currency prices. Periodic changes in forward prices could cause significant changes in the marked-to-market valuation ("MTM Valuation") of these financial instruments. For example, assuming that all other variables remain constant:

	Electricity	
Percentage change in the forward spot price at March 31, 2013	**Percent change in MTM Valuation**	**Dollar change in MTM Valuation**
+/-1%	+/-14.9%	+/-$0.2 million
+/-5%	+/-74.4%	+/-$0.9million
+/-10%	+/-148.9%	+/-$1.7 million

	Foreign Exchange	
Percentage change in the forward spot price at March 31, 2013	**Percent change in MTM Valuation**	**Dollar change in MTM Valuation**
+/- 1%	+40.0%/-28.5%	+$0.04 million/-$0.03 million
+/-5%	+332.9%/-78.3%	+$0.3 million/-$0.08 million
+/-10%	+823.6%/-88.9%	+$0.8 million/-$0.09 million

(d) *Impairment*

In assessing the value of goodwill and intangible assets for potential impairment, assumptions are made regarding future cash flows. These calculations require the use of estimates. If these estimates change in the future, the Company may be required to record impairment charges related to goodwill and intangible assets.

(e) *Deferred taxes*

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

(f) *Useful life of property and equipment and definite life intangibles*

The amortization method and useful lives reflect the pattern in which management expects the asset's future economic benefits to be consumed by the Company.

Accounting Pronouncements and new standards and accounting policies adopted

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Trust's annual consolidated financial statements for the period from inception September 7, 2012 to December 31, 2012, except for the adoption of new standards and interpretations effective as of January 1, 2013.

The Trust applies, for the first time, certain standards and amendments. These include IFRS 7 "Financial Instruments: Disclosure" and IFRS 13 "Fair Value Measurement". As required by IAS 34, the nature and the effect of these changes are disclosed below.

The IAS issued IFRS 13 "Fair Value Measurement" as a single source of guidance for all fair value measurements required by IFRS to reduce the complexity and improve consistency across its application. The standard provides a definition of fair value and guidance on how to measure fair value as well as a requirement for enhanced disclosures. IFRS 13 has been applied starting January 1, 2013. The adoption of IFRS 13 has not materially impacted the fair value measurements included in the financial statements, however, has required additional disclosures, which have been incorporated in the Financial Instruments Note 6 of the Trust's financial statements.

The IASB amended IFRS 7 "Financial Instruments: Disclosure" which clarifies the requirements for the offsetting of financial assets and liabilities. IFRS 7 has been applied as of January 1, 2013. IFRS 7 requires additional disclosures in the Trust's financial statements, which have been incorporated in the Financial Instruments Note 6 of the Trust's financial statements.

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual or interim condensed consolidated financial statements of the Trust.

Unit based compensation

The Trust has a Restricted Trust Unit Plan ("RTUP") and Phantom Unit Rights Plan ("PURP"). The Trust uses the fair value method of valuing compensation expense associated with the RTUP. The units issued pursuant to the RTUP, the Restricted Trust Units ("RTUs") and the PURP, the Phantom Unit Rights ("PURs") are not considered equity settled unit-based compensation since the IAS 32 "puttable instrument exemption" does not extend to unit-based payments made by a Trust. Therefore, RTUs and PURs issued subject to the plans are treated similar to a cash settled unit-based compensation arrangements, with the associated liability being fair-valued at the end of each reporting period and the corresponding change to fair value being recognized in the statement of comprehensive loss. Compensation expense (recovery) is recognized over the vesting period of the RTUP and PURP grants. The fair value of the RTUs and PURs is estimated and recorded based on the market-based value of the units issued, which approximates the intrinsic value as the awards have no exercise price. The change in the estimated liability each period based on the number of RTUs or PURs outstanding and the Trust unit price at the end of the period is recorded in net income. When a cash payment is made to settle vested RTUs or PURs, the difference between the estimated liability and the actual settlement cost is recognized in the statement of comprehensive income. To the extent that vesting provisions of the awards have a performance component, the value of the liability is reduced by a risk factor for the likelihood of not achieving the performance objectives.

Outlook

The organic customer growth experienced in the first quarter of 2013 is indicative of the potential growth opportunities that exist in the Company's current and future markets. The Company plans to expand the Viridian brand into seven markets this year and expand the Public Power brand into three additional markets, as well as continue to increase sales and marketing efforts through its exclusive marketing relationships. The subsequent to quarter-end announcement of the three-year extension of the Cincinnati Bell marketing relationship is an example of an additional source of growth as the Company continues to explore new partnerships and further develop its existing relationships.

The strong growth in the Viridian brand during the quarter is particularly encouraging as management believes that this sales channel, along with its exclusive marketing relationships, is a major differentiator from its competitors in its markets. Management believes all of this potential organic customer growth will result in a larger revenue base that will support future distributions to its unit holders.

Management is encouraged by the second quarter results through mid-May and expects gross margins will return to typical levels in the quarter resulting in improved financial performance.

Disclosure Controls and Procedures & Internal Controls over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Chief Executive Officer and the Chief Financial Officer have also designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that information required to be disclosed by the Company in its corporate filings has been recorded, processed, summarized and reported within the time periods specified in securities legislation. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures and our internal controls over financial reporting are effective in providing reasonable, not absolute, assurance that the objectives of our control systems have been met.

Limitation on scope of design

Management has limited the scope of the design of internal controls over financial reporting and disclosure controls and procedures to exclude the controls, policies and procedures of Crius Energy, LLC, the results of which are included in the March 31, 2013 unaudited interim consolidated financial statements the Trust. The scope limitation is in accordance with Section 3.3 of National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings, which allows an issuer to limit its design of internal controls over financial reporting and disclosure controls and procedures to exclude the controls, policies and procedures of a company acquired not more than 365 days before the end of the financial period to which the certificate relates.

Changes to Internal Control over Financial Reporting

National Instrument 52-109 also requires public companies in Canada to disclose in their MD&A any change in internal controls over financial reporting during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting. There were no changes in internal controls over financial reporting during the quarter ended March 31, 2013 that materially affected or are reasonably likely to materially affect the Trust's internal control over financial reporting.

Note about Forward Looking Statements

Certain statements contained in this MD&A constitute forward looking statements and forward looking information that involve substantial known and unknown risks and uncertainties, most of which are beyond the control of the Trust, including, without limitation, those listed under "Risk Factors" and "Forward Looking Statements" in the Trust's Annual Information Form that is available on www.sedar.com and on the Trust's website at www.criusenergytrust.ca (collectively, "forward looking statements"). Forward-looking information in this MD&A includes, but is not limited to, the Trust's objectives and status as a mutual fund trust and not a SIFT trust, results of operations, financial position or cash flows, customer revenues and margins, customer additions and renewals, customer attrition, customer consumption levels, general and administrative expenses, treatment under governmental regulatory regimes, distributable cash and Crius Energy's expectations and estimates regarding the payment of distributions to unitholders. The Trust cautions investors about important factors that could cause the Trust's actual results to differ materially from those projected in any forward looking statements included in this MD&A. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such forward looking statements. No assurance can be given that the expectations set out in this MD&A will prove to be correct and accordingly, such forward looking statements should not be unduly relied upon. These statements speak only as of the date of this MD&A and the Trust does not assume any obligation to update or revise the forward looking statements to reflect new events or circumstances, except as required by applicable securities laws. New factors emerge from time to time, and it is not possible for management to predict all of these factors or to assess in advance the impact of each such factor on the Trust's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward looking statements.

crius
ENERGY TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS
CRIUS ENERGY TRUST

AUGUST 6, 2013

The following management's discussion and analysis ("MD&A") for Crius Energy Trust (the "Trust") dated August 6, 2013 has been prepared with all information available up to and including August 6, 2013. This MD&A should be read in conjunction with the interim condensed consolidated financial statements for the three and six months ended June 30, 2013 and the annual consolidated financial statements for the period from inception on September 7, 2012 to December 31, 2012. The Trust's financial statements and other disclosure documents, including the Trust's Annual Information Form, are available on www.sedar.com and on the Trust's website at www.criusenergytrust.ca.

The consolidated financial statements of the Trust are prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements of the Trust are presented in United States dollars. All figures within this MD&A are presented in United States dollars unless otherwise indicated. Certain totals, subtotals and percentages may not reconcile due to rounding.

Certain information contained in this MD&A constitutes "forward-looking statements". Investors should read the "Note about Forward-Looking Statements" section at the end of this MD&A.

Non-IFRS financial measures

Statements throughout this MD&A make reference to EBITDA and Adjusted EBITDA which are non-IFRS financial measures commonly used by financial analysts in evaluating the financial performance of companies, including companies in the energy retailing industry. Accordingly, management believes EBITDA and Adjusted EBITDA may be useful metrics for evaluating the Trust's financial performance as they are measures that management uses internally to assess performance, in addition to IFRS measures. As there is no generally accepted method of calculating EBITDA and Adjusted EBITDA, these terms as used herein are not necessarily comparable to similarly titled measures of other companies. The items excluded from EBITDA are significant in assessing the Trust's operating results and liquidity. EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, net income or other data prepared in accordance with IFRS. EBITDA is calculated as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is calculated as EBITDA adjusted to exclude any change in the fair value of derivative instruments, change in fair value of non-controlling interest, unit based compensation and distributions to non-controlling interest. See the "Non-IFRS financial measures" section of this MD&A for a reconciliation of EBITDA and Adjusted EBITDA to net income and comprehensive income as calculated under IFRS for the period, the most directly comparable measure in the Trust's consolidated financial statements. Other financial data has been prepared in accordance with IFRS.

Overview

The Trust is an unincorporated, open-ended limited purpose trust established under the laws of the Province of Ontario on September 7, 2012. The Trust has been established to provide investors with a distribution-producing investment through the acquisition of a 26.8% ownership interest ("Acquisition of the Company Interest") in Crius Energy LLC ("Crius Energy" or the "Company") by its indirect wholly-owned subsidiaries. The Trust's ownership interest in the Company entitles it, through its wholly-owned subsidiaries, to appoint a majority of the members of the board of directors of the Company, and thereby to control the day-to-day operations of the Company.

Throughout this MD&A, the Trust and its subsidiaries are collectively referred to as the "Trust" and the term "Company" or "Crius Energy" refers to Crius Energy LLC and its consolidated subsidiaries. In addition, references to the results of operations refer to operations of the Company, of which the Trust holds a 26.8% ownership interest. Operations officially commenced on November 13, 2012, concurrent with the initial public offering of the Trust (the "IPO") and the Trust's acquisition of a 26.8% ownership interest in the Company. As the Trust was formed on September 7, 2012 and did not begin active operations until November 13, 2012, there is no comparative financial information other than the Trust's balance sheet as of December 31, 2012.

Crius Energy is an independent retail energy provider that markets and sells electricity and/or natural gas through multiple wholly-owned subsidiaries to residential and small-to-medium size commercial customers under variable price contracts, allowing the customer to maintain flexibility with a rate that can change at any time and has no term, or fixed price contracts, providing the customer with price certainty over the term of the contract. Through its licensed operating subsidiaries, Crius Energy provides retail electricity to its customers in the Connecticut, Delaware, District of Columbia, Illinois, Massachusetts, Maine, Maryland, New Hampshire, New Jersey, New York, Ohio and Pennsylvania markets and provides retail natural gas to its customers in the District of Columbia, Indiana, Maryland, New Jersey, New York, Ohio, Pennsylvania and Virginia markets under the following brand names: Viridian Energy, Public Power, Cincinnati Bell Energy, FairPoint Energy and FTR Energy Services.

Through each of its brands, Crius Energy is able to deploy a variety of sales channels to focus on unique customer segments. These include network marketing, telemarketing, door-to-door, inbound call centers and strategic marketing relationships with channel partners.

Q2 2013 Highlights

- Residential customer equivalents ("RCEs") totaled 595,899 at the end of the second quarter, up 2.2% quarter-over-quarter and 20.2% year-over-year
- Sold 1.1 million MWh of electricity and 0.7 million MMBtu of natural gas
- Revenue of $113.9 million
- Gross margin of $27.6 million
- Gross margin as a percentage of revenue of 24.2%
- Adjusted EBITDA of $10.1 million, which was reduced by an estimated $0.9 million due to lower than normal electricity volumes, $0.9 million as a result of customer rate increases not implemented as part of the transition of billing systems in April 2013, and $1.9 million related to non-recurring expenses stemming from the investment in the integration of pre-IPO legacy IT platforms
- Adjusted EBITDA as a percentage of revenue of 8.9%
- Total cash availability of $32.1 million, up from $28.2 million in the prior quarter, consisting of $18.5 million of cash, no long-term debt and availability on the working capital line of credit with Macquarie Energy of $13.6 million as of June 30, 2013
- Three-year extension of the exclusive marketing relationship with Cincinnati Bell Inc. (NYSE: CBB) to continue to market natural gas and electricity through the Cincinnati Bell Energy brand
- Appointed Seth Zuckerman as a Senior Vice President of Finance. Mr. Zuckerman has over 15 years of experience in the retail energy industry including roles as the Chief Financial Officer of several energy retailers including Gateway Energy Services and Your Energy

Highlights Subsequent to Q2 2013

- Appointed Chaitu Parikh to the position of Chief Operating Officer. Mr. Parikh has more than 16 years of experience in the retail energy industry, most recently serving as CEO / President of MXEnergy

- Launched Viridian Energy natural gas products in select markets in Maryland, Virginia and the District of Columbia

- Expanded the reach of the Public Power electricity brand in Pennsylvania entering three new utility service areas

- FairPoint Energy celebrated its first anniversary of offering electricity products in Maine and New Hampshire. The brand performed above expectations by achieving a penetration rate well in excess of 5% of FairPoint Communications' eligible customer base in the first year

Q2 2013 Discussion

The second quarter was highlighted by a return to more typical market conditions and gross margin levels. Revenue of $113.9 million was driven by robust customer growth in the first half of the year and higher retail rates but reduced by unseasonably cool weather in June that resulted in lower than normal electricity volumes delivered during the quarter. The volume of electricity sold during the second quarter of 2013 was 1.1 million MWhs and the volume of natural gas sold was 0.7 million MMBtus.

Gross margin for the second quarter was $27.6 million, or 24.2% of revenue, up from $20.9 million, or 17.5% of revenue, in the first quarter. Monthly gross margins were 24.3% in April, 26.9% in May and 22.1% in June. The relatively lower June gross margin percentage was primarily due to hedging losses resulting from lower-than-forecasted electricity usage and lower wholesale prices in the month which negatively impacted the overall quarterly gross margin percentage accordingly. Management's ability to limit future volatility in earnings was enhanced by the first-quarter addition of a new executive-level position charged with gross margin realization, including responsibility for price forecasting and energy procurement. Gross margin realization also benefitted from input from a third-party provider of energy forecasting services. Management expects the Company to realize the full impact of this new forecasting service in the third quarter of 2013.

Adjusted EBITDA for the second quarter was $10.1 million, or 8.9% of revenue. Adjusted EBITDA was negatively impacted by an estimated $0.9 million due to lower-than-normal electricity volumes in June, $0.9 million as a result of customer rate increases not implemented as part of the transition of billing systems in April 2013 and $1.9 million related to non-recurring expenses stemming from investment in the integration of pre-IPO legacy IT platforms into a single platform that is expected to result in cost savings and provide additional growth opportunities. This integration has taken longer than anticipated, and is expected to continue into the third quarter of the year. However, management is confident this non-recurring IT investment will generate cost savings, streamline processes and promote long-term organic growth.

The Company continued to grow its customer base in the second quarter, increasing RCEs by 2.2% over the first quarter and by 20.2% on a year-over-year basis. Management expected customer growth to decrease in the quarter following two sequential quarters of above-average growth of 9.1% in the first quarter of 2013 and 6.0% in the fourth quarter of 2012. The Company's customer fundamentals remain very strong in its non-traditional marketing channels that leverage existing customer relationships of its independent contractors or partners. Overall customer growth, however, was dampened by higher-than-typical attrition driven primarily by the higher rates charged during the period at the Public Power brand. Public Power is marketed through traditional door-to-door and telemarketing channels, which makes customers acquired through this channel more rate-sensitive than the Company's other marketing channels (network marketing and exclusive marketing partnerships).

Management made meaningful progress in ramping up the FTR Energy Services brand, which enrolled over 2,000 customers during the quarter and is now licensed to enroll customers in New York, Ohio, Illinois and Indiana. The Company also completed its first year of marketing under the FairPoint Energy brand in Maine and New Hampshire, which is marketed through a partnership agreement with FairPoint Communications (NYSE: FRP). FairPoint Energy achieved penetration of well in excess of the 5% target of Fairpoint Communications' addressable customer base during its first year of operation.

The Company's Viridian Energy brand experienced another strong quarter adding more than 35,000 customers and 3,800 independent contractors to its industry-leading network marketing channel which was in line with management expectations.

The second and third quarters are historically weaker periods for customer and contractor additions for the network marketing industry due to the summer season. Sales efforts for our network marketing channel will ramp up again in September at the company's annual convention, PowerUp!®, in Washington D.C. Management sees the higher-usage, higher-retention Viridian marketing channel as a key source of long-term revenue growth that will help support distributions in the future.

The Company's balance sheet improved in the period with total cash availability increasing to $32.1 million, up from $28.2 million in the prior quarter. The total cash availability consists of $18.5 million in cash, no long-term debt and availability of $13.6 million under the Company's working capital facility. The Company repaid a significant portion of the balance drawn under the facility in the period, reducing the balance from $9.0 million at the end of the first quarter to $3.0 million at the end of the second quarter. The improvement in available cash to the Company was the result of stronger Adjusted EBTIDA performance in the quarter and the flow back of a portion of the working capital invested in the previous quarter.

Customer Aggregation[1]

The following table summarizes the Company's historical growth in customers over the trailing twelve months to June 30, 2013, by quarter.

Customer Aggregation
(in customers)[2]

	Opening Customer Count	Customer Adds	Customer Drops	Net Change	Closing Customer Count
Electricity	469,022	77,103	(72,433)	4,670	473,692
Natural Gas	26,578	5,775	(1,820)	3,955	30,533
Quarter ended September 30, 2012	**495,600**	**82,878**	**(74,253)**	**8,625**	**504,225**
Net Change % of Opening Customer Count				*1.7%*	
Electricity	473,692	85,465	(61,097)	24,368	498,060
Natural Gas	30,533	7,891	(1,920)	5,971	36,504
Quarter ended December 31, 2012	**504,225**	**93,356**	**(63,017)**	**30,339**	**534,564**
Net Change % of Opening Customer Count				*6.0%*	
Electricity	498,060	92,063	(56,883)	35,180	533,240
Natural Gas	36,504	16,065	(2,677)	13,388	49,892
Quarter ended March 31, 2013	**534,564**	**108,128**	**(59,560)**	**48,568**	**583,132**
Net Change % of Opening Customer Count				*9.1%*	
Electricity	533.240	77,252	(76,236)	1,016	534,256
Natural Gas	49,892	13,698	(1,947)	11,751	61,643
Quarter ended June 30, 2013	**583,132**	**90,950**	**(78,183)**	**12,767**	**595,899**
Net Change % of Opening Customer Count				*2.2%*	

Notes:

(1) Reflects customer aggregation data for the Company for the period from July 1, 2012 to June 30, 2013 which includes customer data for the Company, Regional Energy Holdings, Inc., Public Power, LLC and their wholly-owned subsidiaries prior to the Acquisition of the Company Interest by the Trust on November 13, 2012.

(2) Customers are estimates of the residential customer equivalents based on customer accounts and information available regarding their historical usage.

Sources of Revenue

The Company earns its revenue primarily from electricity and natural gas sales and recognizes its revenue based on customer consumption. Both electricity and natural gas are subject to seasonal variations in customer usage and the Company's revenues may fluctuate accordingly; however, the impact of seasonality on customer usage is one of the many factors impacting revenues, which are also affected by retail rates charged to customers, customer growth and customer attrition. Electricity consumption is typically highest during the summer months (July and August) due to cooling demand and, to a lesser extent, during the winter months (January and February) due to heating demand. Natural gas consumption is typically highest during the months of October through March due to heating demand.

The Company also receives revenue from fees paid by independent contractors in the network marketing channel. Independent contractors pay sign-up fees and other fees to the Company to participate in the network marketing program. Sign-up fees are deferred and recognized over the 12-month term of the independent contractor agreement and other monthly fees are recognized on a monthly basis.

Energy Procurement

The Company procures its energy and hedging requirements from various wholesale energy markets, including both physical and financial markets and through short-term and long-term contracts. For both electricity and natural gas, the Company procures its wholesale energy requirements at various utility load zones for electricity and various city gates for natural gas, based on the geographic location of our customers. See "Financial Instruments and Risk Management" in this Management's Discussion and Analysis for details of the risk management processes adopted by the Company to minimize commodity market risk.

The Company's gross margin is derived from the difference between the price charged to its customers and that paid to its supplier, Macquarie Energy, and other non-energy wholesale energy suppliers. The Company also incurs selling expenses to compensate independent contractors and exclusive marketing partners for customer acquisition activities through a mixture of upfront payments and residual-based payments proportionate to customer usage (payable only upon receipt of customer payment). All such costs are recognized as expenses in the period incurred pursuant to the contractual arrangements in place. In addition, the Company incurs general, administrative and financing expenses to operate its business.

Selected Consolidated Financial and Operational Data

The following selected historical financial information has been derived from the condensed consolidated financial statements of the Trust for the three and six months ended June 30, 2013. The operating data has been prepared by management based on the Company's records.

Statement of Comprehensive Income Highlights
(in millions)

	Three months ended June 30, 2013	**Six months ended June 30, 2013**
Revenue	$113.9	$232.9
Cost of sales	86.3	184.4
Gross margin	27.6	48.5
Selling expenses	7.1	14.1
General and administrative	10.4	18.7
Unit-based compensation	-	0.1
Depreciation and amortization	9.7	19.4
Finance costs	1.4	2.9
Distributions to non-controlling interest	7.0	17.9
Change in fair value of derivative instruments	7.0	5.7
Change in fair value of non-controlling interest	(54.9)	(96.8)
Benefit from income taxes	(4.8)	(7.9)
Net income and comprehensive income	44.7	74.4
EBITDA(1)	51.0	88.8
Adjusted EBITDA(1)	**$10.1**	**$15.7**

Notes:

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

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

	Three months ended June 30, 2013	Six months ended June 30, 2013
Net income and comprehensive income	$44.7	$74.4
Excluding the impacts of:		
Benefit from income taxes	(4.8)	(7.9)
Finance costs	1.4	2.9
Depreciation and amortization	9.7	19.4
EBITDA	51.0	88.8
Excluding the impact of:		
Change in fair value of derivative instruments	7.0	5.7
Distributions to non-controlling interest	7.0	17.9
Change in unit-based compensation	0.0	0.1
Change in fair value of non-controlling interest	(54.9)	(96.8)
Adjusted EBITDA	**$10.1**	**$15.7**

Statement of Financial Position Highlights (in millions)

	As at June 30, 2013	As at December 31, 2012
Current assets	$92.0	$93.8
Total assets	437.2	449.8
Current liabilities	68.7	53.7
Long-term liabilities	207.2	304.4
Unitholders' equity	161.3	91.7

Operational Highlights

	Three months ended June 30, 2013	Six months ended June 30, 2013
Electricity		
Volumes (MWh)	1,132,102	2,397,709
Revenue ($ million)	108.6	217.7
Gross margin ($ million)	26.5	44.9
Gross margin ($/MWh)	23.43	18.71
Gross margin as a % of revenue	24.4%	20.6%
Natural gas		
Volumes (MMbtu)	719,216	2,366,947
Revenue ($ million)	4.3	13.1
Gross margin ($ million)	0.03	1.6
Gross margin ($/MMbtu)	0.04	0.66
Gross margin as a % of revenue	0.7%	11.8%

Statement of Cash Flows Highlights
(in millions)

	Six months ended June 30, 2013
Cash flows from operating activities	$9.5
Cash flows used in investing activities	(0.5)
Cash flows used in financing activities	(20.8)
Cash and cash equivalents at beginning of period	$30.3
Cash and cash equivalents at end of period	$18.5

Results of Operations

For the three and six months ended June 30, 2013

Revenue

For the three months ended June 30, 2013 revenue was $113.9 million. For the six months ended June 30, 2013 revenue was $232.9 million.

Electricity

For the three months ended June 30, 2013 electricity revenue was $108.6 million, driven by customer growth and higher rates but reduced by unseasonably cool weather in June that resulted in lower than normal electricity volumes during the quarter. For the six months ended June 30, 2013 electricity revenue was $217.7 million. Electricity revenue for the three- and six-month periods ended June 30, 2013 accounted for 95.4% and 93.5% of total revenue, respectively. Electricity volumes for the three- and six-month periods ended June 30, 2013 were 1,132,102 MWh and 2,397,709 MWh, respectively.

Natural Gas

For the three months ended June 30, 2013, natural gas revenue was $4.3 million. For the six months ended June 30, 2013, natural gas revenue was $13.1 million. Natural gas revenues for the three- and six-month periods ended June 30, 2013 accounted for 3.7% and 5.6% of total revenue, respectively. Natural gas volumes for the three- and six-month periods ended June 30, 2013 were 719,216 MMbtu and 2,366,947 MMbtu, respectively. Natural gas revenues decreased between the first and second quarter primarily due to expected seasonality in consumption.

Fee Revenue

Fee revenue consists of sign-up fees and other monthly fees received from independent contractors in the network marketing channel. For the three and six months ended June 30, 2013, fee revenue was $1.0 million and $2.0 million, respectively. Fee revenue for three- and six-month periods ended June 30, 2013 accounted for 0.9% and 0.9% of total revenue, respectively.

Gross Margin

For the three months ended June 30, 2013 gross margin was $27.6 million, representing 24.2% of total revenue. For the six months ended June 30, 2013 gross margin was $48.5 million, representing 20.8% of total revenue. Monthly gross margins were 24.3% in April, 26.9% in May and 22.1% in June. The lower June gross margin percentage was mainly the result of the impact of lower-than-normal electricity usage in the month on our hedging program.

Electricity

Electricity gross margin for the three months ended June 30, 2013 was $26.5 million and electricity gross margin per unit was $23.43/MWh (24.4% of electricity revenue). Electricity gross margin for the six months ended June 30, 2013 was $44.9 million and electricity gross margin per unit was $18.71/MWh (20.6% of electricity revenue).

Natural Gas

Natural gas gross margin for the three months ended June 30, 2013 was $0.03 million, representing gross margin per unit of $0.04/MMbtu (0.7% of natural gas revenue). Natural gas gross margins for the six months ended June 30, 2013 was $1.6 million, representing gross margin per unit of $0.66/MMbtu (11.8% of natural gas revenue). Natural gas gross margins amounted to less than 1 percent of revenue, as we chose to use the off-peak low-usage months to offer competitive rates and invest in the continued growth of the natural gas portfolio.

Selling Expenses

Selling expenses consist of commissions due to independent contractors in the network marketing channel, telemarketing and door-to-door channel and to partners in our exclusive marketing partnerships for enrolling new customers and for customer electricity and natural gas consumption. Selling expenses are expensed in the period that the commissions are earned by the independent contractors or exclusive marketing partnerships.

Commissions earned are comprised of upfront commissions, which are primarily based on the successful enrolment of the customer with the utility, and residual commissions, which are based on customer consumption and receipt of customer payment. The commission structures by sales channel are summarized below:

- Commissions due to independent contractors for customers acquired through network marketing are calculated pursuant to a multi-level compensation plan designed to reward independent contractors for building successful marketing networks. Under the compensation plan, independent contractors are eligible to earn upfront and residual commissions, cash bonuses and promotional pay based on a number of factors, including, but not limited to, customer enrolment and energy usage. Residual commissions are earned and payable after receipt of payment from the customer.

- Commissions due for customers acquired through our exclusive marketing partnerships are calculated based on a fixed, upfront commission per customer enrolled, subject to a partial or full repayment of commission for customers who terminate their service within the first three months, and a residual-based commission based on a percentage of revenue share over a customer's term of enrolment, earned and payable after receipt of the payment from the customer.

- Commissions due to independent contractors in our telemarketing and door-to-door channel are primarily comprised of upfront commission based on the successful qualification of the customer with the utility or paid under hourly contracts, subject to a partial or full repayment of commissions for customers who terminate their service within the first three months.

For the three months ended June 30, 2013, selling expenses amounted to $7.1 million representing 6.2% of revenue. These costs consist of (a) upfront customer acquisition commissions of $3.5 million (representing $38.36 per customer acquired) and (b) residual based commissions of $3.6 million (representing 3.1% of customer revenues). The upfront customer acquisition commissions remained elevated in the second quarter primarily driven by commissions owed in the Viridian Energy brand. Management invested approximately $1.1 million of capital into promotional incentives to continue sales momentum while the Company was managing the integration of the IT platform which impacted, among other things, independent contractor commissioning and customer enrollment. Normalizing for the investment in the Viridian Energy channel, upfront customer acquisition commissions would have been reduced to $2.4 million or $26.74 per customer acquired.

For the six months ended June 30, 2013, selling expenses amounted to $14.1 million representing 6.1% of customer revenue. These costs consist of (a) upfront customer acquisition commissions of $7.4 million (representing $37.30 per customer acquired) and (b) residual based commissions of $6.7 million (representing 2.9% of customer revenues).

General and Administrative Expenses

General and administrative expenses for the three- and six-month periods ended June 30, 2013 were $10.4 million and $18.7 million, respectively, and amounted to 9.2% and 8.0% of revenues, respectively.

General and administrative expenses for the three and six months ended June 30, 2013 are set out in the table below.

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

	Three months ended June 30, 2013		Six months ended June 30, 2013	
General and Administrative Expenses	**$**	**%**	**$**	**%**
POR fees / bad debt	$1.2	1.1%	$2.7	1.2%
Processing costs	1.3	1.1%	2.3	1.0%
Human resources	3.9	3.4%	7.0	3.0%
Gross receipts taxes and other taxes/levies	0.7	0.6%	1.2	0.5%
Legal and regulatory	0.4	0.4%	0.7	0.3%
Other	2.9	2.6%	4.8	2.0%
Total	**$10.4**	**9.2%**	**$18.7**	**8.0%**

General and administrative expenses in the second quarter increased to $10.4 million, up from $8.3 million in the first quarter. The increase in General and administrative expenses was primarily driven by higher Processing Costs expenses and Human Resources expenses.

Processing Costs expenses increased to $1.3 million, up from $1.0 million in the prior quarter, and included non-recurring costs of $0.9 million resulting from expenses stemming from the continued investment in the integration of pre-IPO legacy IT platforms into a single platform. Specifically, the Company hired $0.4 million of contract resources to support the data migration and also paid $0.5 million of transition costs to the Company's former back-office providers. While management had anticipated completing the integration in the second quarter and starting to realize savings, the conversion process has continued into the third quarter, resulting in continued higher costs. Management is confident that these costs are temporary and will no longer be required once the transition is completed.

Human Resources expenses increased to $3.9 million, up from $3.1 million in the prior quarter, primarily resulting from payments owed for performance in prior periods. Specifically, the Company paid $0.7 million in discretionary bonuses to staff related to fiscal 2012.

Unit-Based Compensation

The unit-based compensation charge relates to the issuance of 14,924 Restricted Trust Units ("RTU") to the directors of the Administrators of the Trust in March 2013 as well as 84,637 RTUs issued to senior executive management of Crius Energy in May and June 2013. For the three- and six-month periods ended June 30, 2013, unit-based compensation expense amounted to $0.0 million and $0.1 million, respectively, and reflected the fair value of these RTU's based on the market price of the Trust units at the end of the period and the applicable vesting period.

Depreciation and Amortization

Depreciation and amortization relate to the property, equipment and intangibles used in the Company's operations. Depreciation and amortization for the three- and six-month periods ended June 30, 2013 was $9.7 million and $19.4 million, respectively.

Finance Costs

Finance costs for the three- and six-month periods ended June 30, 2013 were $1.4 million and $2.9 million, respectively.

Finance costs are primarily incurred pursuant to the Company's agreements with Macquarie Energy LLC ("Macquarie Energy"), for the exclusive supply of the Company's wholesale energy needs and hedging requirements for a term ending in October 2017 (the "Supplier Agreement"). Under the Supplier Agreement, Macquarie Energy assumes the responsibility for meeting all the credit and collateral requirements with each Independent System Operator, or ISO. Under the Supplier Agreement, the utilities serving the Company's customers are directed to remit all customer payments into a designated restricted bank account (the "Lockbox"), and the funds in that account are used to pay Macquarie Energy for the energy supplied and other fees and interest due under the Supplier Agreement. The trade payables are secured by funds pledged in the Lockbox, accounts receivable and all other assets of the Company.

Macquarie Energy extends trade credit to buy wholesale energy supply, with all amounts due being payable in the month following delivery of the energy. The credit extended under the Supplier Agreement was limited to an overall exposure limit of $200 million subject to certain customary financial covenants and limited to a calculated credit base based on restricted cash in the Lockbox, billed and unbilled receivables. The Company incurs a volumetric fee based on the wholesale energy delivered, which is included in finance costs in the statement of comprehensive income.

The Supplier Agreement includes a working capital facility with a sub-limit of $25 million under which letters of credit and cash advances can be made based on the calculated credit base. Such letters of credit and cash advances under this line are subject to an annual interest rate of 5.5% plus LIBOR.

Distributions to Non-controlling Interest

Distributions to non-controlling interest for the three- and six-month periods ended June 30, 2013 were $7.0 million and $17.9 million, respectively.

Due to the redeemable nature of the non-controlling interest in Crius Energy arising from certain provisions in the governance documents, the non-controlling interest is classified as a long-term liability on the consolidated statement of financial position. Accordingly, monthly distributions paid by Crius Energy to the non-controlling interest based on their 26.8% interest in Crius Energy are included in the profit and loss.

Change in Fair Value of Derivative Instruments

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

For the three months ended June 30, 2013, the unrealized gains and losses associated with derivative contracts were a loss of $7.0 million; made up of (a) unrealized losses of $6.7 million on forward electricity positions, (b) unrealized losses of $0.02 million on forward natural gas positions, and (c) unrealized losses of $0.3 million on forward currency positions. For the six months ended June 30, 2013, the unrealized gains and losses associated with derivative contracts were a loss of $5.7 million; made up of (a) unrealized losses of $5.6 million on forward electricity positions, (b) unrealized gains of $0.3 million on forward natural gas positions, and (c) unrealized losses of $0.5 million on forward currency positions.

These gains and losses represent non-cash gains and losses associated with mark-to-market movements on forward hedge positions that are outstanding at period end. The primary reason for the losses is a decline in short-term wholesale electricity prices from the time we entered into the electricity hedges. On average, wholesale electricity prices for all forward positions outstanding as at June 30, 2013 have declined by a weighted average of $3.79/MWh from the time they were entered into.

Change in Fair Value of Non-controlling Interest

The change in fair value of non-controlling interest for the three- and six-month periods ended June 30, 2013 were a gain of $54.9 million and $96.8 million, respectively, representing the mark-to-market valuation of the non-controlling interest liability included on the consolidated statement of financial position. These non-cash gains are primarily the result of the decline in the Trust's publicly traded Unit price from the beginning to the end of the period.

Due to the redeemable nature of the non-controlling interest in Crius Energy arising from certain provisions in the governance documents, the non-controlling interest is classified as a long-term liability on the consolidated statement of financial position. This non-controlling interest is measured at fair value at the end of each period with the gain or loss being charged to profit or loss in the consolidated statement of comprehensive income. The fair value of the non-controlling interest is measured principally based on the publicly traded unit price of the Trust, with an adjustment for profit interest units of Crius Energy, LLC that is calculated using an option pricing model.

Income Taxes

For the three months ended June 30, 2013, the benefit for income taxes was $4.8 million. For the six months ended June 30, 2013, the benefit for income taxes was $7.9 million. While the Trust was in a pre-tax income position for the quarter, it was in a net taxable loss position after adjusting for permanent differences, including the change in fair value of non-controlling interest, distributions to non-controlling interests as well as income of Crius Energy, LLC that is attributed directly to the non-controlling unitholders of Crius Energy, LLC. Under United States partnership taxation rules, Crius Energy, LLC is not a taxable entity and its taxable income/(loss) flows through to its partners who are then taxed on their allocable share of the partnership income tax/(benefit).

Net Income and Comprehensive Income

For the three and six months ended June 30, 2013, net income and comprehensive income was $44.7 million and $74.4 million, respectively. Net income was impacted by the non-cash change in fair value of non-controlling interest liability which resulted in gains of $54.9 million and $96.8 million, respectively.

Quarterly Results
(in millions except for per unit data)

	Quarter ended June 30, 2013	Quarter ended March 31, 2013
Revenue	$113.9	$119.0
Cost of sales	86.3	98.1
Gross margin	27.6	20.9
Selling expenses	7.1	7.0
General and administrative	10.4	8.3
Unit based compensation	-	0.1
Depreciation and amortization	9.7	9.7
Finance costs	1.4	1.5
Distributions to non-controlling interest	7.0	10.8
Change in fair value of derivative instruments	7.0	(1.2)
Change in fair value of non-controlling interest	(54.9)	(41.9)
Benefit from income taxes	(4.8)	(3.1)
Net income and comprehensive income	44.7	29.6
EBITDA[1]	51.0	24.6
Adjusted EBITDA[1]	**$10.1**	**$5.5**

Notes:

(1) EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, net income or other data prepared in accordance with IFRS. See "Non-IFRS Financial Measures".

Liquidity and Capital Resources

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

Under the Supplier Agreement, the Company and its operating subsidiaries are permitted to make monthly distributions provided that (i) no event of default, termination event or potential event of default under the Supplier Agreement has occurred, (ii) Macquarie Energy has been paid in full for all amounts owing under all then outstanding monthly invoices, (iii) Macquarie Energy has not received notice that any amount owed to any party is then currently past due, and (iv) the requested distribution would not result in a breach of any covenant under the Supplier Agreement. Refer to the discussion under "Principal Agreement with Macquarie Energy" in the Trust's 2012 Annual Information Form, available on www.sedar.com and on the Trust's website at www.criusenergytrust.ca, for a detailed description of the Supplier Agreement.

Cash and Working Capital Position, Cash Flow from Operations

As of June 30, 2013, the Trust had no long-term debt, a cash balance of $18.5 million and a working capital balance, defined as current assets less current liabilities, of $23.4 million. Working capital was impacted by a non-cash, unrealized loss of $7.9

million on derivatives outstanding as at June 30, 2013. At quarter-end, the Company has a balance outstanding of $3.0 million under its credit facility and has availability under the cash advance line of $13.6 million.

Cash flow from operations for the six months ended June 30, 2013 amounted to $9.5 million and included net outflows of $7.2 million of net change in operating assets and liabilities, primarily due to growth in customer accounts receivable, resulting from a higher customer base and higher retail rates.

Contractual Obligations

In the normal course of business, the Company is obligated to make future payments under various non-cancellable contracts and other commitments. As at June 30, 2013, the payments due by period are set out in the following table:

Contractual Obligations
(in $ millions)

	Carrying amount	Contractual cash flow	Less than 1 year	1 to 5 years	More than 5 years
Trade and other payables	$57.0	$57.0	$57.0	$ -	$ -
Operating leases	-	2.4	0.8	1.6	-
Credit facility	3.0	3.0	3.0	-	-
Derivative instruments	7.9	7.9	7.9	-	-
Distribution payable	0.8	0.8	0.8	-	-
Other long-term liabilities	1.0	0.7	-	0.7	-
	$69.7	$71.8	$69.5	$2.3	$ -

Distributions

As required by National Policy 41-201 - *Income Trusts and Other Indirect Offerings,* the following table outlines the differences between net cash used in operating activities and cash distributions as well as the differences between net income and cash distributions.

(in $ millions)	Six months ended June 30, 2013
Cash flows provided by operating activities	$9.5
Finance costs included within financing activities	(2.7)
Cash flows provided by operating activities adjusted to include finance costs	6.8
Net income	74.4
Distributions to unitholders	4.9
Distributions to non-controlling interest	15.6
Total distributions	20.5
Shortfall of cash flows provided by operating activities including interest over cash distributions paid	(13.7)
Excess of net income over cash distributions paid	53.9

Distributions exceeded cash flows provided by operating activities (adjusted to include interest) for the period. Cash provided by operating activities (adjusted to include interest) was impacted adversely by (a) the impacts of lower-than-normal gross margins in January and February due to challenging market conditions and differences between forecasted and actual electricity volumes in key markets (volumetric risk), (b) changes in operating assets and liabilities of $7.2 million in the period primarily due to the impacts of growth in customer accounts receivables resulting from a significantly higher customer base and higher retail rates over the quarter. This shortfall was funded by existing cash as well as by cash advances under the credit facility.

Outstanding Unit Data

At the date of this MD&A, August 6, 2013, the Trust had 10,014,924 Units outstanding including 14,924 Units issued pursuant to RTUs issued to directors of the Administrator on March 25, 2013.

Off Balance Sheet Items

Pursuant to the Supplier Agreement, the Company has issued letters of credit totaling $5.5 million to various counterparties, principally utilities.

Pursuant to separate arrangements with International Fidelity Insurance Corporation and ACE American Insurance Company, the Company has issued surety bonds to various counterparties including states, regulatory bodies and utilities in return for a fee and/or meeting certain collateral posting requirements. Such surety bond postings are required in order to operate in certain states or markets. Surety bonds issued as at June 30, 2013 totaled $7.8 million.

Financial Instruments and Risk Management

Electricity and natural gas derivatives

The Company has entered into contracts with customers to provide electricity or natural gas at either variable or fixed prices, with the majority of the electricity and natural gas provided by the Company to customers pursuant to variable price contracts. Fixed-price contracts expose the Company to changes in market prices of electricity and natural gas, as the Company is obligated to purchase electricity and natural gas at floating wholesale market prices for the delivery to its customers. To reduce its exposure to short-term and long-term movements in commodity prices arising from the procurement of electricity and natural gas at floating prices, the Company uses derivative instruments. These derivative instruments are principally physical forward contracts as well as fixed-for-floating swaps whereby the Company agrees with a counterparty, currently Macquarie Energy, to take physical delivery or cash settle the difference between the floating price and the fixed price on a notional quantity of electricity or natural gas for a specified timeframe. The cash flow from these instruments is expected to be effective in offsetting the Company's price exposure and serves to fix the Company's wholesale cost of electricity or natural gas to be delivered to the customer. The Company remains subject to commodity risk for any volumetric differences between the actual quantities used by customers and the forecasted quantities upon which the commodity hedging is based.

Realized swap settlements under derivative instruments are included in cost of sales in the consolidated statement of comprehensive income. Unrealized gains or losses resulting from changes in the fair value of the swaps, generally referred to as mark-to-market gains or losses, have been recognized as the change in fair value on derivative instruments in the consolidated statement of comprehensive income.

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

As at June 30, 2013, the Company had fixed-for-floating swap and physical natural gas forward contracts with the following terms:

	Notional Volume	Total Remaining Volume	Maturity Date	Fixed Price	Fair Value	Notional Value
Fixed-for-floating electricity swaps	1-108 MWh	2,067,645 MWh	1-12 months	$25.38 to $67.58	$(7.8)	$96.0

Physical natural gas forward contracts	(253) – 913 MMbtu	136,586 MMbtu	1 month	$3.02 to $4.06	$(0.02)	$0.5
Fixed-for-floating electricity basis swaps	(38) to 38 MWh	-	1-2 months	$27.76 to $63.41	$(0.00)	$1.1

Currency derivatives

The Company is exposed to currency risk as its business operations are conducted in United States dollars and distributions are denominated in Canadian dollars. To reduce its exposure to fluctuations in currency markets, the Company uses derivative instruments, including foreign exchange options and swaps whereby the Company agrees with a counterparty to swap (or to have the right to swap) the floating price and the fixed price on a notional quantity of currency at or over a specified timeframe. Realized settlements under derivative instruments are included in the relevant section of the consolidated statement of comprehensive income or consolidated balance sheet. Unrealized gains or losses resulting from changes in the fair value of the derivatives, generally referred to as mark-to-market gains or losses, have been recognized as the change in fair value on derivative instruments in the consolidated statement of comprehensive income.

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

As at June 30, 2013, the Company had foreign currency derivatives outstanding with the following terms:

	Notional Value	Total Remaining Volume	Maturity Date	Fixed Price	Fair Value
June 30, 2013					
Foreign currency options	US$12.2 C$12.5	US$12.2 C$12.5	1-15 months	C$ 1.0245 to C$ 1.0310 per US$1	US$0.2

Transactions with Related Parties

On September 18, 2012, the Company entered into an arm's length transition services agreement for professional services with Gries Management, LLC, which indirectly owns units in the Company, during an initial period of six months after Regional Energy Holdings Inc. and Public Power LLC combined to form Crius Energy, with the option to extend the agreement for an additional six months. The Company gave notice that it will not extend the agreement subsequent to the initial six-month term and accordingly, as of June 30, 2013, there are no amounts payable to this related party. For the three- and six-month periods ended June 30, 2013, included in general and administrative expenses are charges in the amounts of $0.1 million and $0.1 million, respectively, related to this agreement.

The Company is a party to the Supplier Agreement with Macquarie Energy, which is related to Macquarie Americas Corp. which holds a membership interest in the Company. As at June 30, 2013, Macquarie Energy had extended trade credit to the Company totaling $33.0 million (December 31, 2012 — $28.1 million) under this Supplier Agreement. As at June 30, 2013, there were letters of credit issued totaling $5.5 million (December 31, 2012 — $4.3 million) and cash advances drawn totaling $3.0 million (December 31, 2012 — $ -) under the working capital facility. During the three and six months ended June 30, 2013, energy purchases totaled $78.7 million and $176.5 million respectively, and interest expense under the Supplier Agreement totaled $1.3 million and $2.7 million respectively. As at June 30, 2013, the aggregate availability under the credit facility was $13.6 million (December 31, 2012 — $12.7 million).

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

Risks and Uncertainties

The Trust's operations are affected by a number of underlying risks, both internal and external to the Trust. The Trust's financial position, results of operations and cash distributions are directly impacted by these factors.

A full listing of the operational and business risks is set out in the Trust's 2012 Annual Information Form that is available on www.sedar.com and on the Trust's website at www.criusenergytrust.ca.

The Trust's activities expose it to a variety of financial risks that arise as a result of its operating, investing, and financing activities, including:

- Market risk, including commodity price risk, interest rate risk and foreign currency risk
- Credit risk, including customer credit risk and counterparty credit risk
- Liquidity risk

This section sets out information about the Trust's exposure to each of these risks, the Trust's objectives, policies and processes for measuring and managing risk, and the Trust's management of capital. Further quantitative disclosures are included throughout the interim condensed consolidated financial statements.

Market risk

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

Commodity price risk

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

Interest rate risk

The Trust is exposed to interest rate risk on certain advances within the Supplier Agreement. The Trust has letters of credit and cash advances outstanding of $8.5 million under this facility, and therefore is exposed to interest rate risk. The Trust's current exposure to interest rate risk does not economically warrant the use of derivative instruments and the Trust does not currently believe that it is exposed to material interest rate risk. In the period ended June 30, 2013, the impact of a 1% increase (decrease) in the interest rate on these balances would not have had a material impact on Finance costs in the consolidated statement of comprehensive income.

Foreign currency risk

The Trust is exposed to currency rate risk in that its business operations are conducted in United States dollars, however, its distributions and publicly listed units are denominated in Canadian dollars. The Trust mitigates its exposure to currency rate movements by entering into currency derivative hedging products including options and swaps. The Trust maintains a rolling 12-month hedging program for this foreign currency exposure that is extended on a quarterly basis, and as at June 30, 2013 was hedged based on its current monthly distribution payout rate of C$0.0833 per unit to September 30, 2014.

Credit risk

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

Customer credit risk

In Maine, Massachusetts, New Hampshire, Delaware, District of Columbia, certain Ohio markets and New Jersey, the Trust is exposed to customer credit risk and, therefore, credit review and other processes have been implemented to perform credit evaluations of customers and manage customer default. If a significant number of customers were to default on their payments, it could have a material adverse effect on the operations and cash flows of the Trust.

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

As at June 30, 2013, the customer credit risk exposure related to the Trust's accounts receivable from Maine, Massachusetts, New Hampshire, Delaware, District of Columbia, certain Ohio markets and New Jersey amounts to $6.7 million and the accounts receivable aging for these customers is as follows:

	Total	**Current**	**30-59 days**	**Over 60 days**
Accounts receivable	$6.7	$3.1	$0.9	$2.7

Counterparty credit risk

Counterparty credit risk represents the loss that the Trust would incur if a counterparty fails to perform under its contractual obligations. This risk would manifest itself in the Trust replacing contracted commodity or currency positions at prevailing market rates, thus impacting the financial results. Counterparty risk is limited to Macquarie Energy for all wholesale energy supply positions and other counterparties for our currency hedging derivatives. The failure of the counterparty to meet its contracted obligations could have a material adverse effect on the operations and cash flows of the Trust. As at June 30, 2013, the maximum counterparty credit risk exposure amounted to $0.2 million, representing the risk relating to its derivative financial assets.

Liquidity risk

Liquidity risk is the potential inability to meet financial obligations as they fall due. The Trust manages this risk by monitoring cash flow forecasts for the next 12 months to ensure adequate and efficient use of cash resources and credit facilities.

The table above under the "Contractual Obligations" section of this MD&A outlines the contractual maturities of the Trust's financial liabilities as at June 30, 2013.

Supplier risk

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

International Financial Reporting Standards

The Trust prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

Critical Accounting Estimates

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

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

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

(a) *Revenue recognition*

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

(b) *Accounts receivable*

The Company reviews its accounts receivables at each reporting date to assess whether an allowance needs to be provided to reflect estimated amounts that will not be collected from customers. In particular, judgment by management is required in the estimation of the amount and timing of collectability of accounts receivable, based on financial conditions, the aging of the receivables, customer and industry concentrations, the current business environment and historical experience. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

(c) *Fair value*

Determining the value of derivative instruments requires judgment and is based on market prices or management's best estimates if there is no market and/or if the market is illiquid. Where the fair value of financial instruments recorded cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgment includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The fair value of the non-controlling interest is measured principally based on the publicly traded unit price of the Trust, with an adjustment for the profit interest units of Crius Energy LLC that is calculated using an option pricing model. The fair value of the unit based compensation liability is measured by the publicly traded unit price of the Trust.

The fair value of financial instruments is significantly influenced by the variability of forward commodity and currency prices. Periodic changes in forward prices could cause significant changes in the marked-to-market valuation ("MTM Valuation") of these financial instruments. For example, assuming that all other variables remain constant:

Percentage change in the forward spot price at June 30, 2013	Fixed-for-floating electricity swaps	
	Percent change in MTM Valuation	Dollar change in MTM Valuation
+/- 1%	+/- 11.2%	+/- $0.9
+/- 5%	+/- 56.2%	+/- $4.4
+/- 10%	+/- 112.4%	+/- $8.8

Percentage change in the forward spot price at June 30, 2013	Physical natural gas forwards	
	Percent change in MTM Valuation	Dollar change in MTM Valuation
+/- 1%	+/- 30.2%	+/- $-
+/- 5%	+/- 151.1%	+/- $-
+/- 10%	+/- 302.2%	+/- $0.1

Percentage change in the forward spot price at June 30, 2013	Fixed-for-floating electricity basis swaps	
	Percent change in MTM Valuation	Dollar change in MTM Valuation
+/- 1%	+/- 1,299.8%	+/- $-
+/- 5%	+/- 6,499.0%	+/- $-
+/- 10%	+/- 12,998.0%	+/- $0.1

(d) *Impairment*

In assessing the value of goodwill and intangible assets for potential impairment, assumptions are made regarding future cash flows. These calculations require the use of estimates. If these estimates change in the future, the Company may be required to record impairment charges related to goodwill and intangible assets.

(e) *Deferred taxes*

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

(f) *Useful life of property and equipment and definite life intangibles*

The amortization method and useful lives reflect the pattern in which management expects the asset's future economic benefits to be consumed by the Company.

Accounting Pronouncements and new standards and accounting policies adopted

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Trust's annual consolidated financial statements for the period from inception, September 7, 2012, to December 31, 2012, except for the adoption of new standards and interpretations effective as of January 1, 2013.

The Trust applies, for the first time, certain standards and amendments. These include IFRS 7 "Financial Instruments: Disclosure" and IFRS 13 "Fair Value Measurement". As required by IAS 34, the nature and the effect of these changes are disclosed below.

The IAS issued IFRS 13 "Fair Value Measurement" as a single source of guidance for all fair value measurements required by IFRS to reduce the complexity and improve consistency across its application. The standard provides a definition of fair value and guidance on how to measure fair value as well as a requirement for enhanced disclosures. IFRS 13 has been applied starting January 1, 2013. The adoption of IFRS 13 has not materially impacted the fair value measurements included in the financial statements, however, has required additional disclosures, which have been incorporated in the Financial Instruments Note 6 of the Trust's financial statements.

The IASB amended IFRS 7 "Financial Instruments: Disclosure" which clarifies the requirements for the offsetting of financial assets and liabilities. IFRS 7 has been applied as of January 1, 2013. IFRS 7 requires additional disclosures in the Trust's financial statements, which have been incorporated in the Financial Instruments Note 6 of the Trust's financial statements.

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual or interim condensed consolidated financial statements of the Trust.

Unit based compensation

The Trust has a Restricted Trust Unit Plan ("RTUP") and Phantom Unit Rights Plan ("PURP"). The Trust uses the fair value method of valuing compensation expense associated with the RTUP. The units issued pursuant to the RTUP, the Restricted Trust Units ("RTUs") and the PURP, the Phantom Unit Rights ("PURs") are not considered equity settled unit-based compensation since the IAS 32 "puttable instrument exemption" does not extend to unit-based payments made by a Trust. Therefore, RTUs and PURs issued subject to the plans are treated similarly to cash-settled, unit-based compensation arrangements, with the associated liability being fair-valued at the end of each reporting period and the corresponding change to fair value being recognized in the statement of comprehensive loss. Compensation expense (recovery) is recognized over the vesting period of the RTUP and PURP grants. The fair value of the RTUs and PURs is estimated and recorded based on the market value of the units issued, which approximates the intrinsic value as the awards have no exercise price. The change in the estimated liability each period based on the number of RTUs or PURs outstanding and the Trust unit price at the end of the period is recorded in net income. When a cash payment is made or units issued to settle vested RTUs or PURs, the difference between the estimated liability and the actual settlement cost is recognized in the statement of comprehensive income. To the extent that vesting provisions of the awards have a performance component, the value of the liability is reduced by a risk factor for the likelihood of not achieving the performance objectives.

Outlook

Notwithstanding the unseasonable cool weather in June that resulted in lower-than-normal electricity volumes delivered during the second quarter, management is encouraged by our financial performance and the return to more typical gross margin levels and market conditions in the quarter. The Company added two highly talented executive-level positions. Chaitu Parikh has been appointed to the position of Chief Operating Officer, where he will have overall responsibility for the day-to-day operations and will help position the Company for long-term growth both organically and through acquisitions. Seth Zuckerman has been appointed to the position of Senior Vice President of Finance, where he will oversee the accounting and financial operations of the Company.

Within its strategic marketing partnership channel, the Company is encouraged by the performance of its existing partners and is actively developing additional relationships with new partners. Cincinnati Bell Energy continues to grow in the Ohio electricity and natural gas markets, and the partnership was recently validated by the announcement of a three-year extension of the marketing partnership between the Company and Cincinnati Bell. FairPoint Energy recently completed a successful first year of service by materially exceeding the 5% customer penetration target set by management. FairPoint Energy continues to expand in the Maine and New Hampshire electricity markets. FTR Energy Services ("FTR"), although officially launched in November 2012, only began ramping up marketing efforts in the second quarter. Subsequent to quarter end, FTR began selling to customers in Indiana, New York and Ohio while also receiving its license to serve electricity and natural gas customers in Illinois. With several key states currently or soon-to-be active under the FTR brand, management expects this relationship to contribute to the organic growth of the Company in the near-term.

The Company expects continued long-term organic growth from its Viridian Energy brand. In the near term, Viridian expects to benefit from exceptional independent contractor additions in the first and second quarters plus the addition of new natural gas markets in Maryland, Virginia and the District of Columbia. Viridian is also preparing for its national convention in September, which typically results in an increase in independent contractor and customer additions.

The introduction of the Public Power brand, which is marketed through traditional industry channels, to three new natural gas utility territories in Pennsylvania subsequent to the end of the second quarter should begin to be reflected in the Company's financial results in the third quarter. Management has multiple initiatives underway to expand its marketing program for Public Power.

Management continues to see meaningful progress on the integration of legacy IT platforms and consolidation of the technology platform to support and drive future revenue growth. This investment, which dampened second-quarter profitability and is expected to dampen third-quarter profitability through higher selling and G&A costs, is anticipated to generate cost savings, improve sales and billing processes and promote strong long-term organic growth across all brands.

In addition to organic growth, management is encouraged by the acquisition opportunities that are available in the marketplace. Management is continuing to review potential opportunities and believes we are uniquely positioned to be a consolidator in the industry.

Disclosure Controls and Procedures & Internal Controls over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Chief Executive Officer and the Chief Financial Officer have also designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that information required to be disclosed by the Company in its corporate filings has been recorded, processed, summarized and reported within the time periods specified in securities legislation. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures and our internal controls over financial reporting are effective in providing reasonable, not absolute, assurance that the objectives of our control systems have been met.

Limitation on scope of design

Management has limited the scope of the design of internal controls over financial reporting and disclosure controls and procedures to exclude the controls, policies and procedures of Crius Energy, LLC, the results of which are included in the June 30, 2013 unaudited interim consolidated financial statements of the Trust. The scope limitation is in accordance with Section 3.3 of National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings, which allows an issuer to limit its design of internal controls over financial reporting and disclosure controls and procedures to exclude the controls, policies and procedures of a company acquired not more than 365 days before the end of the financial period to which the certificate relates.

Changes to Internal Control over Financial Reporting

National Instrument 52-109 also requires public companies in Canada to disclose in their MD&A any change in internal controls over financial reporting during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting. There were no changes in internal controls over financial reporting during the quarter ended June 30, 2013 that materially affected, or are reasonably likely to materially affect, the Trust's internal control over financial reporting.

Note about Forward-Looking Statements

Certain statements contained in this MD&A constitute forward-looking statements and forward-looking information that involve substantial known and unknown risks and uncertainties, most of which are beyond the control of the Trust, including, without limitation, those listed under "Risk Factors" and "Forward-Looking Statements" in the Trust's Annual Information Form that is available on www.sedar.com and on the Trust's website at www.criusenergytrust.ca (collectively, "forward-looking statements"). Forward-looking information in this MD&A includes, but is not limited to, the Trust's objectives and status as a mutual fund trust and not a SIFT trust, results of operations, financial position or cash flows, customer revenues and margins, customer additions and renewals, customer attrition, customer consumption levels, general and administrative expenses, treatment under governmental regulatory regimes, distributable cash and Crius Energy's expectations and estimates regarding the payment of distributions to unitholders. The Trust cautions investors about important factors that could cause the Trust's actual results to differ materially from those projected in any forward-looking statements included in this MD&A. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such forward-looking statements. No assurance can be given that the expectations set out in this MD&A will prove to be correct and, accordingly, such forward-looking statements should not be unduly relied upon. These statements speak only as of the date of this MD&A and the Trust does not assume any obligation to update or revise the forward-looking statements to reflect new events or circumstances, except as required by applicable securities laws. New factors emerge from time to time, and it is not possible for management to predict all of these factors or to assess in advance the impact of each such factor on the Trust's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Summary: Application Renewal Application of FTR Energy Services, LLC Inc. (Part III) electronically filed by Mr. Stephen M Howard on behalf of FTR Energy Services, LLC Inc.