



CIC ENERGY CORP.

**Reviewed Consolidated Financial Statements
expressed in Canadian Dollars
for the three and six months ended May 31, 2008**

CIC Energy Corp.
Consolidated Balance Sheets

	Note	May 31 2008 Reviewed \$'000	November 30 2007 Audited \$'000
Assets			
Current assets:			
Cash and cash equivalents		105,280	121,989
Other receivables		907	539
Deposits		52	79
Prepayments		431	263
		<u>106,672</u>	<u>122,870</u>
Non-current assets			
Property and equipment		849	694
Goodwill		3,330	3,326
Mineral assets		4,032	4,032
Mine infrastructure		1,047	1,047
Exploration properties - MEP		103,641	86,338
Exploration properties - CTH		887	-
		<u>220,458</u>	<u>218,307</u>
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		3,656	3,465
Taxation liability		211	134
		<u>3,867</u>	<u>3,599</u>
Shareholders' equity	2	<u>216,591</u>	<u>214,708</u>
		<u>220,458</u>	<u>218,307</u>

CIC Energy Corp.
Consolidated Statements of Operations

	Three months ended		Six months ended	
	May 31	May 31	May 31	May 31
	2008	2007	2008	2007
	Reviewed	Unaudited	Reviewed	Unaudited
	\$'000	\$'000	\$'000	\$'000
Other income				
Interest received	755	384	1,780	621
Profit on foreign exchange	55	(174)	202	601
	<u>810</u>	<u>210</u>	<u>1,981</u>	<u>1,222</u>
Corporate and exploration expenses				
Office and general expenses	1,361	1,122	2,674	1,789
Personnel expenses	740	1,434	1,354	2,089
Stock based compensation	898	172	1,209	642
Operating lease expenses	218	73	466	105
Management fees	70	79	139	160
Listing fees	14	-	82	114
Depreciation	29	21	57	37
	<u>3,330</u>	<u>2,901</u>	<u>5,980</u>	<u>4,940</u>
Net loss before income taxes	(2,520)	(2,691)	(3,999)	(3,715)
Income taxes	90	47	90	47
Net loss	<u>(2,610)</u>	<u>(2,737)</u>	<u>(4,089)</u>	<u>(3,761)</u>
Basic and diluted loss per share	\$ (0.05)	\$ (0.06)	\$ (0.08)	\$ (0.08)

CIC Energy Corp.
Consolidated Statements of Deficit

	Note	Three months ended		Six months ended	
		May 31 2008 Reviewed \$'000	May 31 2007 Unaudited \$'000	May 31 2008 Reviewed \$'000	May 31 2007 Unaudited \$'000
Deficit, beginning of period		(28,375)	(11,087)	(27,203)	(8,355)
Net loss for the period		(2,610)	(2,737)	(4,089)	(3,761)
Cancelled warrants		-	(130)	-	(1,837)
Deficit, end of period	2	(30,985)	(13,954)	(31,292)	(13,954)

CIC Energy Corp.
Consolidated Statements of Cash Flows

	Three months ended		Six months ended	
	May 31	May 31	May 31	May 31
	2008	2007	2008	2007
Note	Reviewed	Unaudited	Reviewed	Unaudited
	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities				
Net loss	(2,610)	(2,737)	(4,089)	(3,761)
Net interest received	(755)	(384)	(1,780)	(621)
Items not affecting cash				
Depreciation	29	21	57	37
Unrealised operational foreign exchange (gain)/loss	(56)	174	(202)	(601)
Stock based compensation	898	172	1,209	642
Net operating working capital changes	490	247	(243)	(1,067)
Net cash flow from operating activities	<u>(2,004)</u>	<u>(2,507)</u>	<u>(5,048)</u>	<u>(5,371)</u>
Cash Flows from Investing Activities				
Net interest received	755	384	1,780	621
Purchase of equipment	(170)	(38)	(216)	(213)
Acquisition of subsidiary, net cash acquired	-	-	-	(1,046)
Exploration properties expenditures - MEP	(6,933)	(8,094)	(12,524)	(13,177)
Exploration properties expenditures - CTH	(748)	-	(887)	-
Net cash flow from investing activities	<u>(7,096)</u>	<u>(7,748)</u>	<u>(11,847)</u>	<u>(13,816)</u>
Cash Flow from Financing Activities				
Proceeds from share capital and warrants issued	186	11,012	186	45,627
Net cash flow from financing activities	<u>186</u>	<u>11,012</u>	<u>186</u>	<u>45,627</u>
(Decrease) / Increase in cash and cash equivalents	(8,914)	757	(16,709)	26,440
Cash and cash equivalents, beginning of period	114,194	53,595	121,989	27,911
Cash and cash equivalents, end of period	<u>105,280</u>	<u>54,351</u>	<u>105,280</u>	<u>54,351</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These interim consolidated financial statements of the Group do not include all the disclosures as required under Canadian generally accepted accounting principles for annual financial statements; however, the interim financial statements, except for the accounting for stock based compensation, follow the same accounting policies and methods of application as the most recent annual financial statements. The interim financial statements should be read in conjunction with CIC Energy Corp.'s audited financial statements for the year ended November 30, 2007.

(b) Change in Accounting Policy

In the first quarter of 2008, the Group changed its accounting policy for the recognition of stock-based compensation expense from the Black-Scholes model, to the Binomial model. Both models are permitted under Canadian GAAP. Management believes that the Binomial model provides a mathematically more advanced measurement methodology than the Black-Scholes model and it is the methodology recommended by the Company's accounting advisors who are specialists in this area. It is important to note, however, that there is no difference in the results between the Black-Scholes and Binomial models for companies that do not pay dividends. Accordingly, this change in methodology had no impact on the results as previously reported and there has been no need to make an adjustment to opening equity or comparative figures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended May 31, 2008 and 2007

2. CHANGES IN EQUITY

	Capital Stock #’000	Capital Stock \$’000	Warrants #’000	Warrants \$’000	Stock Options \$’000	Contributed Surplus \$’000	Deficit \$’000	Total \$’000
Nov 30, 2006	43,424	83,016	2,065	1,532	190	4	(8,355)	76,387
Warrants exercised	1,792	13,789	(1,333)	(1,421)	–	–	–	12,368
Broker warrants exercised	123	141	(582)	(375)	–	–	375	141
Shares issued for services	25	346	–	–	–	–	–	346
SAD-ELEC-merger allocation	130	1,800	100	479	–	–	–	2,279
Private placements	7,628	121,208	324	619	–	–	(6,738)	115,089
Warrants issued to executives	–	–	1,525	3,887	–	–	–	3,887
Stock-based compensation	–	–	–	–	12,628	–	–	12,628
Stock options exercised	583	4,068	–	–	(1,517)	1,517	–	4,068
Net loss for period	–	–	–	–	–	–	(12,485)	(12,485)
Nov 30, 2007	53,705	224,368	2,099	4,721	11,301	1,521	(27,203)	214,708
Stock-based compensation	–	–	–	2,513	3,273	–	–	5,786
Broker warrants cancelled	–	–	(110)	(307)	–	307	–	–
Stock options exercised	27	186	–	–	(69)	69	–	186
Net loss for period	–	–	–	–	–	–	(4,089)	(4,089)
May 31, 2008	53,732	224,554	1,989	6,927	14,506	1,897	(31,292)	216,591

3. RELATED PARTY TRANSACTIONS

Included in the accounts are payments made to companies under the control or significant influence of officers and directors of the Company. These transactions are recorded at the exchange amount, being the amount agreed to by the parties and are in the ordinary course of business. A summary of these transactions follows:

	Three months ended		Six months ended	
	May 31, 2008	May 31, 2007	May 31, 2008	May 31, 2007
	\$'000	\$'000	\$'000	\$'000
Administrative services ¹	70	80	139	160

1. CIC carries on business outside Canada. CIC purchases administrative, advisory and investor relation services from a company that shares a common director to assist in fulfilling its ongoing obligations as a reporting issuer listed for trading on a stock exchange in Canada. On August 1, 2005, the Company entered into an administrative service agreement (the "Agreement") with Tau Capital Corp. ("Tau"). The Agreement has an initial term of three years, terminating on July 31, 2008, subject to further renewal by the parties to the agreement. The terms of the Agreement required the company to pay a monthly service fee of US\$23,000. In addition an amount of C\$244,000 was charged to the Company in respect of services rendered outside the Tau Agreement in the first half of 2008.

4. SEGMENT REPORTING

The Group comprises of one significant business segment which relates to the acquisition, exploration and development of coal properties in Botswana, southern Africa.

5. POST BALANCE SHEET EVENTS

Post balance sheet events are discussed under *Section 2: Description of the Business and Summary of Recent Activities* in the Q2 2008 Management's Discussion and Analysis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended May 31, 2008 and 2007

This report contains forward-looking statements based on current expectations. These forward-looking statements entail various risks and uncertainties that could cause actual results to differ materially from those reflected in these forward-looking statements. Risk and uncertainties about the Company's business are more fully discussed in the Q2 2008 Management's Discussion and Analysis and in CIC's Annual Information Form.

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