



**Interim Consolidated Financial Statements
for the three and six months ended May 31, 2010 and 2009
(Expressed in Canadian Dollars)**

Directors' Report

For the six months ended May 31, 2010.

1. Review of activities

Main business and operations.

The company is a development stage enterprise. Its main focus is the development and operation of the Mmamabula Energy Complex. Planned operations have not yet commenced and operating revenue has not yet been generated.

The operating results and state of affairs of the group are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. Dividends

No dividends were declared or paid to shareholders during the period.

CIC Energy Corp.
Consolidated Balance Sheets
At May 31, 2010 and November 30, 2009

	Note	May 31, 2010 (unaudited) \$	November 30, 2009 audited \$
Assets			
Current assets:			
Cash and cash equivalents		31,995,513	42,467,970
Current taxation receivable		-	99,540
Other receivables		361,962	362,159
Deposits		27,703	32,506
Prepayments		662,365	752,318
		<u>33,047,543</u>	<u>43,714,493</u>
Non-current assets:			
Property, plant and equipment		1,739,032	1,840,959
Coal-to-Hydrocarbons project		3,932,819	3,932,819
Mine infrastructure		1,716,621	1,716,621
Exploration properties		167,150,227	160,907,775
		<u>174,538,699</u>	<u>168,398,174</u>
		<u>207,586,242</u>	<u>212,112,667</u>
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable and accrued liabilities		4,626,751	4,960,993
Current taxation payable		49,967	-
Rehabilitation provision		1,265,177	1,325,665
		<u>5,941,895</u>	<u>6,286,658</u>
Capital stock	4	219,820,027	219,820,027
Stock options	4	7,787,201	8,315,812
Contributed surplus	4	20,685,119	18,871,179
Retained deficit	4	(46,648,000)	(41,181,009)
Shareholders' equity	4	<u>201,644,347</u>	<u>205,826,009</u>
		<u>207,586,242</u>	<u>212,112,667</u>
Going concern	1		
Commitments	7		
Contingent liabilities	8		
Subsequent events	9		

See accompanying notes to these interim financial statements.

CIC Energy Corp.
Consolidated Statements of Operations
For the three and six months ended May 31, 2010 and 2009
(unaudited)

		Three months ended		Six months ended	
	Note	May 31, 2010	May 31, 2009	May 31, 2010	May 31, 2009
		\$	\$	\$	\$
Other income					
Interest received		28,463	694,274	47,183	1,271,967
Profit on foreign exchange		250,717	-	-	2,081,802
		279,180	694,274	47,183	3,353,769
Corporate and exploration expenses					
Office and general expenses		(782,180)	(1,445,936)	(2,117,457)	(2,904,057)
Stock-based compensation		(155,292)	(173,566)	(662,500)	(361,315)
Personnel expenses		(1,029,926)	(620,271)	(1,350,291)	(1,203,165)
Operating lease expenses		(149,812)	(172,803)	(375,682)	(388,915)
Management fees paid		(150,000)	(83,820)	(300,000)	(168,968)
Depreciation		(67,872)	(51,769)	(134,168)	(98,878)
Listing subscription		(2,634)	(2,023)	(9,595)	(82,525)
Loss on foreign exchange		-	(154,783)	(374,159)	-
		(2,337,716)	(2,704,971)	(5,323,852)	(5,207,823)
Net loss before income taxes		(2,058,536)	(2,010,697)	(5,276,669)	(1,854,054)
Income taxes		(143,133)	(112,000)	(190,322)	(112,000)
Net loss for the period		(2,201,669)	(2,122,697)	(5,466,991)	(1,966,054)
Basic and diluted loss per common share for the period					
	5	\$(0.04)	\$(0.04)	\$(0.10)	\$(0.04)
Basic and diluted weighted average number of common shares outstanding					
	5	52,573,969	52,627,425	52,573,969	52,627,425

See accompanying notes to these interim financial statements.

CIC Energy Corp.
Consolidated Statements of Comprehensive Loss and Retained Deficit
For the three and six months ended May 31, 2010 and 2009
(unaudited)

		Three months ended		Six months ended	
		May 31,	May 31,	May 31,	May 31,
		2010	2009	2010	2009
	Note	\$	\$	\$	\$
Comprehensive Income					
Net loss for the period		(2,201,669)	(2,122,697)	(5,466,991)	(1,966,054)
Other comprehensive income, net of tax		-	-	-	-
Comprehensive loss		(2,201,669)	(2,122,697)	(5,466,991)	(1,966,054)
Retained Deficit					
Retained deficit, beginning of the period		(44,446,331)	(35,369,185)	(41,181,009)	(35,525,828)
Net loss for the period		(2,201,669)	(2,122,697)	(5,466,991)	(1,966,054)
Share issue costs		-	(4,005)	-	(4,005)
Retained deficit, end of the period	4	(46,648,000)	(37,495,887)	(46,648,000)	(37,495,887)

See accompanying notes to these interim financial statements.

CIC Energy Corp.
Consolidated Statements of Cash Flows
For the three and six months ended May 31, 2010 and 2009
(unaudited)

	Note	Three months ended		Six months ended	
		May 31, 2010	May 31, 2009	May 31, 2010	May 31, 2009
		\$	\$	\$	\$
Cash flows from operating activities					
Net loss before interest and tax		(2,086,999)	(2,704,971)	(5,323,852)	(3,126,021)
Items not affecting cash:					
Unrealised foreign exchange (gain) / loss		(190,229)	154,783	434,647	(2,081,802)
Depreciation		67,872	51,769	134,168	98,878
Stock-based compensation		155,292	173,566	662,500	361,315
Environmental provision utilised		-	-	(60,488)	-
Changes in non-cash working capital		1,485,429	1,121,547	(239,289)	835,943
Interest received		28,463	694,274	47,183	1,271,967
Income tax paid		(42,125)	(302,281)	(40,815)	(294,829)
Net cash flow used in operating activities		(582,297)	(811,313)	(4,385,946)	(2,934,549)
Cash flows from investing activities					
Additions to property, plant and equipment		(31,616)	(181,594)	(32,241)	(237,937)
Mine infrastructure		-	(125,138)	-	(125,138)
Exploration properties expenditure		(3,643,809)	(10,776,440)	(6,054,270)	(17,399,842)
Net cash flow used in investing activities		(3,675,425)	(11,083,172)	(6,086,511)	(17,762,917)
Cash flows from financing activities					
Repurchase of shares	4	-	-	-	(378,783)
Net cash flow used in financing activities		-	-	-	(378,783)
Decrease in cash and cash equivalents					
Cash and cash equivalents, beginning of the period		36,253,235	76,638,559	42,467,970	85,820,323
Cash and cash equivalents, end of the period		31,995,513	64,744,074	31,995,513	64,744,074

See accompanying notes to these interim financial statements.

1. GOING CONCERN

As part of the process of preparing the financial statements for the fiscal quarter ended May 31, 2010, management considered whether CIC Energy Corp. remains a going concern. Management's view is that CIC Energy Corp. is a Going Concern for the following reasons:

As of May 31, 2010, the Company had cash and cash equivalents of approximately \$31.9 million. This amount is considered to be adequate to fund the Company's ongoing personnel, office, lease and general expenses and committed third party costs through to at least May 31, 2011, budgeted to be approximately \$15 million. This would leave a cash balance as of May 31, 2011 after the payment of committed costs of approximately \$17 million.

Mookane Domestic Power Project ("MDPP")

The Company is currently negotiating a Shareholders' Agreement in relation to the MDPP with affiliates of GCL-Poly Energy Holdings Limited, pursuant to which it is anticipated that the Company will commit to making equity contributions in relation to the MDPP. As the obligation to pay these equity contribution amounts will only arise upon successful negotiation of the relevant agreements in relation to the MDPP and satisfaction of certain conditions in relation thereto, these amounts are not reflected in the committed third party costs referred to above. For planning purposes, the Company is assuming that these equity contribution amounts will be payable prior to May 31, 2011, and the Company anticipates that its cash and cash equivalents available after payment of committed costs will be adequate to fund these equity contributions.

Mmamabula Energy Project ("MEP")

As a result of the Company's decision to defer project development activities for the MEP until such time as the IRP2010 has been completed, substantially all work being done by external consultants (i.e. financial advisors, legal advisors and engineers) has been suspended and the Company does not currently have any committed costs in relation thereto. Should the funding obligations in relation to the MDPP described above arise the Company will be required to raise additional funding prior to resuming project development activities for the

MEP. Such additional funding would be raised either by the Company itself and contributed to Meepong Energy and/or Meepong Resources, or raised directly in Meepong Energy and/or Meepong Resources.

Other Projects

The Company does not anticipate incurring material development costs prior to May 31, 2011 on its other project development activities.

2. 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 quarterly financial statements 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, 2009. The consolidated financial statements have been prepared on a historical cost basis.

(b) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

(c) Translation of foreign currencies

These consolidated financial statements are presented in Canadian dollars, which is the Group's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest Canadian dollar.

3. FUTURE ACCOUNTING POLICIES

(a) Section 1582, Business combinations; Section 1601, consolidated financial statements; and Section 1602, Non-controlling interests

The CICA issued three new accounting standards in January 2009: Section 1582, Business combinations; Section 1601, Consolidated financial statements; and Section 1602, Non-controlling interests. These new standards will be effective for fiscal years beginning on or after January 1, 2011 and earlier adoption is permitted as of the beginning of a fiscal year. The Group is in the process of evaluating the requirements of the new standards.

Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standards IFRS 3-Business Combinations.

Sections 1601 and 1602 together replace section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for non-controlling interests in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27-Consolidated and separate financial statements.

(b) Consolidated financial statements and non-controlling interests

In January 2009, the Accounting Standards Board ("AcSB") issued Handbook section 1601, Consolidated Financial Statements and section 1602, Non-controlling Interests, to provide guidance on preparation of consolidated financial statements and accounting for non-controlling interests subsequent to a business combination. The section is effective for fiscal years beginning on or after January 1, 2011; however, early adoption is permitted as of the beginning of a fiscal year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended May 31, 2010 and 2009.

4. SHAREHOLDERS' EQUITY

The following table outlines the continuity of shareholders' equity for the six months ended May 31, 2010:

	Capital stock		Warrants		Stock options	Contributed surplus	Retained deficit	Total shareholders' equity
	#	\$	#	\$	\$	\$	\$	\$
Balance at November 30, 2008	52,782,469	220,198,812	1,750,000	3,938,009	13,436,489	7,033,587	(35,525,828)	209,081,069
Repurchase of shares	(208,500)	(378,785)	-	-	-	-	-	(378,785)
Stock-based compensation	-	-	-	1,158,256	1,620,650	-	-	2,778,906
Stock options cancelled / lapsed	-	-	-	-	(6,741,327)	6,741,327	-	-
Warrants cancelled / lapsed	-	-	(1,750,000)	(5,096,265)	-	5,096,265	-	-
Net loss for the period	-	-	-	-	-	-	(5,655,181)	(5,655,181)
Balance at November 30, 2009	52,573,969	219,820,027	-	-	8,315,812	18,871,179	(41,181,009)	205,826,009
Stock-based compensation (a)	-	-	-	-	1,285,329	-	-	1,285,329
Stock options cancelled / lapsed (b)	-	-	-	-	(1,813,940)	1,813,940	-	-
Net loss for the period	-	-	-	-	-	-	(5,466,991)	(5,466,991)
Balance at May 31, 2010	52,573,969	219,820,027	-	-	7,787,201	20,685,119	(46,648,000)	201,644,347

(a) No options were issued during the second quarter.

(b) 100,000 options were cancelled during the quarter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended May 31, 2010 and 2009.

5. BASIC AND DILUTED LOSS PER COMMON SHARE FOR THE PERIOD

The following table sets forth the computation of basic and diluted loss per share.

<i>(all amounts in \$)</i>	May 31, 2010	May 31, 2009
Numerator:		
Loss attributable to common shareholders - basic and diluted	(5,466,991)	(1,966,054)
Denominator:		
Weighted average number of common shares outstanding - basic and diluted	52,573,969	52,627,425
Basic and diluted (loss) / profit per common share	\$(0.10)	\$(0.04)

4,867,500 (November 30, 2009: 3,127,500) share options have been excluded in the calculation as their exercise would be anti-dilutive.

6. RELATED PARTY TRANSACTIONS

Included in the financial results are payments made to companies under the control or significant influence of officers and directors of the Group. 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:

Mendi Msimang

On September 2, 2009, CIC Energy (SA) (Pty) Limited ("CIC Energy (SA)"), a wholly owned subsidiary of the Company that performs project development activities on behalf of the Company in South Africa, entered into a consulting agreement (the "Consulting Agreement") with Mendi Msimang, who was appointed a director of the Company on August 28, 2009. The Consulting Agreement had a term of twelve months, subject to extension by the agreement of the parties. Under the terms of the Consulting Agreement, the Company paid a monthly consulting fee to Mr. Msimang of 50,000 Rand and reimbursed Mr. Msimang for third party costs incurred by Mr. Msimang in the performance of the services under the Consulting Agreement on behalf of CIC Energy (SA). On April 15, 2010, Mr. Msimang resigned as a director of the Company and the Consulting Agreement was terminated by mutual consent.

Moxirex (Proprietary) Limited

Pursuant to a share warrant agreement (the "Warrant Agreement") dated April 9, 2010 between the Company and Moxirex (Proprietary) Limited ("Moxirex"), a company controlled by Robert Gumede, a director of the Company, the Company has agreed to issue to Moxirex 13,061,448 Common Share purchase warrants (the "Warrants"), each Warrant being exercisable to purchase one Common Share at a price of \$1.75 for a term of three years after the date of issue, in consideration for Moxirex rendering consultancy services to the Company, primarily in respect of the regulatory approval process in South Africa for the Mmamabula Energy Project. The Warrants are subject to vesting upon the achievement of certain specified milestones, which are also primarily related to the regulatory approval, development and financing of the Mmamabula Energy Project.

In the event that the Company issues additional Common Shares (the "Additional Shares") within 12 months of April 9, 2010, the Company will, subject to regulatory approval, issue additional Common Share purchase warrants to Moxirex (the "Additional Warrants"), each such Additional Warrant being exercisable to purchase one Common Share at the price at which such Additional Shares were issued, so as to result in an entitlement to purchase such number of Common Shares as constitutes in the aggregate 19.9% of the Additional Shares so issued, provided that the maximum number of Additional Warrants that will be issued will not exceed 2 million in the aggregate, notwithstanding how many additional Common Shares may be issued by the Company from time to time during such 12 month period.

7. COMMITMENTS

(a) Operating lease commitments

CIC Energy (South Africa) (Proprietary) Limited has future operating lease commitments for equipment and buildings amount to \$3.63 million ending November 30, 2016. Annual payments are:

	\$
2011	581,453
2012	634,981
2013	693,451
2014	757,323
2015	827,097
2016	<u>139,815</u>
	<u>3,634,120</u>

Meepong Resources (Proprietary) Limited has renewed their office lease agreement. Future operating lease commitments for buildings amount to \$40,543 ending May 31, 2011.

8. CONTINGENT LIABILITIES

The Group has contingent liabilities in respect of contractual commitments to past and current advisors on the project. These contingencies depend on project milestones, including the conclusion of a power purchase agreement and financial close of the project. The aggregate of these contingent liabilities is an amount of \$38.6 million (November 30, 2009: \$38.7 million), most of which are likely to be capitalised when incurred. In order to fund the contingent obligations, the Group would be required to raise additional funding.

9. SUBSEQUENT EVENTS

No subsequent events were identified.

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 Group's business are more fully discussed in the Management's Discussion and Analysis published in the Group's Annual Report and in CIC's Annual Information Form.

Directors

Adrian Meyer
Blackie Marole
Gregory Kinross - President
Len Konar
Michael Movsas
Robert Gumede
Warren Newfield – Chairman

Management

Alexandrea I. Gatis, CFO
Greg Kinross, President
Warren Newfield, CEO

Registered Head Office

Geneva Place
No 333 Waterfront Drive Road Town, Tortola
British Virgin Islands

CIC Energy Corp.

Templeton Building
2nd Floor, West Bay Street
Lyford Cay
Nassau, Bahamas
Tel: (242) 362-7100
Fax: (242) 362-7101
www.cicenergycorp.com

Investor Relations Enquiries

c/o Tau Capital Corp
110 Sheppard Avenue East, Suite 610
Toronto, Ontario M2N 6Y8
Canada
Attention: Erica Belling
Telephone: (416) 361-9636
Facsimile: (416) 361-0330
Email: ebelling@taucapital.com

TSX symbol: ELC
BSE Name: CIC ENERGY

Listed in Standard & Poor's Corporation Records
CUSIP: G2136R