



**Interim Consolidated Financial Statements
for the three and nine months ended August 31, 2011 and 2010
(Expressed in Canadian Dollars)**

CIC Energy Corp.
Consolidated Balance Sheets
At August 31, 2011 and November 30, 2010

	<i>Note</i>	August 31, 2011 (unaudited) \$	November 30, 2010 \$
Assets			
Current assets:			
Cash and cash equivalents		13,418,115	25,708,947
Other receivables		416,359	181,208
Deposits		17,287	24,402
Prepayments		177,292	99,289
		<u>14,029,053</u>	26,013,846
Non-current assets:			
Property, plant and equipment		511,945	710,799
Coal-to-Hydrocarbons project	4	-	3,932,819
Mmamabula Energy Project infrastructure	5	1,716,621	1,716,621
Exploration properties	6	168,804,431	169,535,760
		<u>171,032,997</u>	175,895,999
		<u>185,062,050</u>	201,909,845
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable and accrued liabilities		4,240,508	4,616,211
Taxation payable		140,590	1,629
Rehabilitation provision		411,674	441,880
		<u>4,792,772</u>	5,059,720
Capital stock	7	220,170,027	219,820,027
Stock options	7	5,765,331	5,540,165
Contributed surplus	7	23,997,776	23,850,719
Deficit	7	(69,663,856)	(52,360,786)
Shareholders' equity		<u>180,269,278</u>	196,850,125
		<u>185,062,050</u>	201,909,845
Going concern	2		
Commitments	10		
Contingent liabilities	11		

See accompanying notes to these interim financial statements.

CIC Energy Corp.
Consolidated Statements of Operations
For the three and nine months ended August 31, 2011 and 2010
(unaudited)

		Three months ended		Nine months ended	
		August 31,	August 31,	August 31,	August 31,
		2011	2010	2011	2010
<i>Note</i>	\$	\$	\$	\$	
Other income					
		10,772	3,152	125,534	50,335
		610,318	833,324	383,802	459,165
		15,234	-	15,234	-
		636,324	836,476	524,570	509,500
Corporate and exploration expenses					
		(916,366)	(644,572)	(3,433,104)	(2,762,028)
		(51,371)	(509,190)	(231,672)	(1,171,690)
		(1,647,484)	(400,088)	(4,404,103)	(1,750,380)
		(167,613)	(153,889)	(552,462)	(529,571)
		(150,000)	(150,000)	(450,000)	(450,000)
		(19,765)	(67,106)	(151,054)	(201,274)
	4, 6	-	-	(8,124,587)	-
		-	(38,965)	(46,849)	-
		-	(251,894)	-	(251,894)
		(2,952,599)	(2,215,704)	(17,393,831)	(7,165,397)
		(2,316,275)	(1,379,228)	(16,869,261)	(6,655,897)
		(289,203)	(128,887)	(433,809)	(319,209)
		(2,605,478)	(1,508,115)	(17,303,070)	(6,975,106)
Basic and diluted loss per share for the period					
	8	\$(0.05)	\$(0.03)	\$(0.33)	\$(0.13)
Basic and diluted weighted average number of common shares outstanding					
	8	52,632,943	52,573,969	52,632,943	52,573,969

See accompanying notes to these interim financial statements.

CIC Energy Corp.
Consolidated Statements of Comprehensive Income and Deficit
For the three and nine months ended August 31, 2011 and 2010
(unaudited)

		Three months ended		Nine months ended	
		August 31,	August 31,	August 31,	August 31,
		2011	2010	2011	2010
	<i>Note</i>	\$	\$	\$	\$
Comprehensive Income					
Net loss for the period		(2,605,478)	(1,508,115)	(17,303,070)	(6,975,106)
Other comprehensive income, net of tax		-	-	-	-
Comprehensive loss		(2,605,478)	(1,508,115)	(17,303,070)	(6,975,106)
Deficit					
Deficit, beginning of the period		(67,058,378)	(46,648,000)	(52,360,786)	(41,181,009)
Net loss for the period		(2,605,478)	(1,508,115)	(17,303,070)	(6,975,106)
Deficit, end of the period	7	(69,663,856)	(48,156,115)	(69,663,856)	(48,156,115)

See accompanying notes to these interim financial statements.

CIC Energy Corp.
Consolidated Statements of Cash Flows
For the three and nine months ended August 31, 2011 and 2010
(unaudited)

	Three months ended		Nine months ended	
	August 31,	August 31,	August 31,	August 31,
	2011	2010	2011	2010
<i>Note</i>	\$	\$	\$	\$
Cash flows from operating activities				
Net loss before interest and tax	(2,327,047)	(1,382,380)	(16,994,795)	(6,706,232)
Items not affecting cash:				
Unrealised foreign exchange loss / (gain)	38,481	(833,324)	264,997	(459,165)
(Gain) / loss on disposal of assets	(15,234)	251,894	(15,234)	251,894
Depreciation	19,765	67,106	151,054	201,274
Impairment loss	-	-	8,124,587	-
Stock-based compensation	51,371	509,190	231,672	1,171,690
Environmental rehabilitation payments	(21,046)	14,693	(30,206)	(45,795)
Changes in non-cash working capital	(500,943)	(1,352,139)	(681,742)	(1,591,428)
Interest received	10,772	3,152	125,534	50,335
Income tax paid	(17,632)	7,208	(294,848)	(33,607)
Net cash flow used in operating activities	(2,761,513)	(2,714,600)	(9,118,981)	(7,161,034)
Cash flows from investing activities				
Additions to property, plant and equipment	(2,082)	(19,263)	(3,624)	(51,505)
Proceeds from disposal of property, plant and equipment	28,177	1,114,047	28,177	1,114,047
Exploration properties expenditure	(497,683)	(89,059)	(3,546,404)	(6,082,840)
Net cash flow (used in) / from investing activities	(471,588)	1,005,725	(3,521,851)	(5,020,298)
Cash flows from financing activities				
Stock options exercised	350,000	-	350,000	-
Net cash flow from financing activities	350,000	-	350,000	-
Decrease in cash and cash equivalents				
Cash and cash equivalents, beginning of the period	(2,883,101)	(1,708,875)	(12,290,832)	(12,181,332)
Cash and cash equivalents, end of the period	16,301,216	31,995,513	25,708,947	42,467,970
	13,418,115	30,286,638	13,418,115	30,286,638

See accompanying notes to these interim financial statements.

1. BASIS OF PRESENTATION

CIC Energy Corp. ("CIC") is a company incorporated under the International Business Companies Act in the Territory of The British Virgin Islands ("BVI") to engage in the acquisition, exploration, development and operation of coal properties in Botswana.

These interim consolidated financial statements of CIC and its wholly-owned subsidiaries, together referred to as the "Group", have been prepared by management in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Certain information and note disclosures normally included in the annual consolidated financial statements prepared in accordance with Canadian GAAP have been condensed or excluded. As a result, the interim financial statements should be read in conjunction with CIC Energy Corp.'s audited financial statements for the year ended November 30, 2010.

The consolidated financial statements for the periods ended August 31, 2011 and 2010 comprise CIC and its wholly-owned subsidiaries, together referred to as the "Group". Wholly owned subsidiaries are outlined below:

- CIC International (Barbados) Corp.
- CIC (Barbados) Holding Corp.
- CIC (Barbados) Mining Corp.
- CIC (Barbados) Energy Corp.
- CIC Trans Africa (Barbados) Corp.
- CIC Energy (Botswana) (Proprietary) Limited
- CIC Energy (SA) (Proprietary) Limited
- CIC Energy (Bahamas) Limited
- Meepong Water (Proprietary) Limited
- Bon-Terra Mining (Proprietary) Limited
- SAD-ELEC (Proprietary) Limited
- Meepong Resources (Mauritius) (Proprietary) Limited
- Meepong Energy (Mauritius) (Proprietary) Limited
- Meepong Resources (Proprietary) Limited
- Meepong Energy (Proprietary) Limited
- Meepong Services (Proprietary) Limited
- CIC Resources (Botswana) (Proprietary) Limited
- Trans Africa Rail (Proprietary) Limited

- Golden Concord Mookane Minerals (Proprietary) Limited
- Golden Concord Mookane Power (Proprietary) Limited

2. GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis in accordance with Canadian GAAP. The Company's ability to continue as a going concern and to realise the carrying value of its assets and discharge its liabilities is dependent on the discovery of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to fund its operations, and the future production or proceeds from developed properties.

As of August 31, 2011, the Company had cash and cash equivalents of approximately \$13.4 million. Management considers this amount to be adequate to fund the Company's ongoing personnel, office, lease and general expenses and committed third party costs through to at least August 31, 2012, budgeted to be approximately \$12.2 million. This would leave a cash balance as of August 31, 2012 after the payment of committed costs of approximately \$1.2 million.

The Company's cash and cash equivalents are not sufficient to fund the Company's existing contingent liabilities, which are payable on the occurrence of certain milestones. The Company anticipates that these milestones will only be achieved following, or in conjunction with, the raising of additional funding, a part of which funding would be used to pay the associated contingent liabilities. In the case of an acquisition of the Company, it is expected that the requisite funding would be provided by the purchaser in conjunction with the conclusion of the transaction. In the case of the project development activities, it is expected that the requisite funding would be provided either in the form of equity raised via joint venture arrangements related to such project development activities and/or capital raising by the Company.

The Company is not currently incurring any material costs in relation to project development activities, other than as required to comply with the requirements of the Company's prospecting license obligations. The Company would be required to raise additional funding in order to resume project development activities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim consolidated financial statements are prepared following accounting policies consistent with the Company's audited annual consolidated financial statements and notes thereto for the year ended November 30, 2010. There were no new accounting policies adopted during the three months and nine months ended August 31, 2011.

New Pronouncements

(a) Section 1582, Business combinations; Section 1601, Consolidated financial statements; and Section 1602, Non controlling interests; and amendments to Section 3251, Equity

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 and amendments to Section 3251, Equity. 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 Company is in the process of evaluating the requirements of the new standards.

Sections 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.

Amendments to Section 3251 apply to entities that have adopted Section 1602 and require separate presentation on the statements of operations and comprehensive income of income attributable to owners of the Company and those attributable to non-controlling interests. The amendments also require that non-controlling interests be presented separately as a component of equity.

(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.

(c) Amendment to Section 3855, financial instruments – Recognition and measurement

In June 2009, Section 3855, financial instruments – Recognition and measurement was amended to:

- Clarify the application of the effective interest method following an impairment loss of an investment in a debt instrument. This clarification applies to investment in debt instruments classified as held-to-maturity and to those classified as available for sale. This amendment will be effective for fiscal years beginning on or after January 1, 2011.

- Clarify the situation where the embedded prepayment option is considered closely related and, therefore, is not separated from the host debt instrument for recognition purposes. This amendment will be effective for fiscal years beginning on or after January 1, 2011.

The Company is in the process of evaluating the requirements of these new standards.

(d) International Financial Reporting Standards (IFRS)

In February 2008, the AcSB confirmed that IFRS, as issued by the International Accounting Standards Board ("IASB"), will replace Canadian GAAP for publicly accountable enterprises and must be adopted for fiscal years beginning on or after January 1, 2011.

4. COAL-TO-HYDROCARBONS PROJECT

August 31, 2011 (unaudited)	Balance, beginning of year	Additions	Impairment loss*	Balance, end of period
Mmamabula Coal-to-Hydrocarbons project	3,932,819	-	(3,932,819)	-

November 30, 2010 (audited)	Balance, beginning of year	Additions	Impairment loss	Balance, end of year
Mmamabula Coal-to-Hydrocarbons project	3,932,819	-	-	3,932,819

* The Company has conducted feasibility studies on several technologies and market opportunities as possible alternatives for the CTH Project. The current focus of the CTH Project is limited to the production of low sulphur diesel fuel and associated products for the domestic Botswana market utilising clean above ground coal gasification and Fischer-Tropsch technology. Management has determined that it is appropriate to recognise an impairment for capitalised costs that were previously incurred in the evaluation of technologies and market opportunities that are not expected to be relevant to the production of low sulphur diesel fuel and associated products for the domestic Botswana market utilising clean above ground coal gasification and Fischer-Tropsch technology.

5. MMAMABULA ENERGY PROJECT INFRASTRUCTURE

August 31, 2011	Balance, beginning of year	Additions	Impairment loss	Balance, end of period
Mmamabula Energy Project infrastructure	1,716,621	-	-	1,716,621

November 30, 2010	Balance, beginning of year	Additions	Impairment loss	Balance, end of year
Mmamabula Energy Project infrastructure	1,716,621	-	-	1,716,621

This amount represents capitalised costs paid to the Botswana Power Corporation for the implementation of construction power supply to the MEP.

6. EXPLORATION PROPERTIES

August 31, 2011	Balance, beginning of year	Additions	Impairment loss*	Balance, end of period
Mmamabula	169,535,760	3,460,439	(4,191,768)	168,804,431

November 30, 2010	Balance, beginning of year	Additions	Impairment loss	Balance, end of year
Mmamabula	160,907,775	8,627,985	-	169,535,760

The Company indirectly holds one prospecting licences in the greater Mmamabula coalfield in south-eastern Botswana. The Mmamabula coalfield forms the western extension of South Africa's Waterberg coalfield. No operating mines have been established to date within the Mmamabula coalfield.

*Under the terms of the Botswana Mines and Minerals Act the third renewal application of prospecting licence PL75/2002 was not approved. This has resulted in an impairment loss of \$4,191,768 against the capitalised value of Exploration Properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the three and nine months ended August 31, 2011 and 2010.
(unaudited - in Canadian dollars)

7. SHAREHOLDERS' EQUITY

The following table outlines the continuity of shareholders' equity for the nine months ended August 31, 2011:

	Capital stock		Stock options		Contributed surplus	Deficit	Total shareholders' equity
	#	\$	#	\$	\$	\$	\$
Balance at November 30, 2009	52,573,969	219,820,027	3,127,500	8,315,812	18,871,179	(41,181,009)	205,826,009
Stock-based compensation (a)	-	-	2,890,000	2,203,893	-	-	2,203,893
Stock options cancelled / lapsed (a)	-	-	(1,492,500)	(4,979,540)	4,979,540	-	-
Net loss for the period	-	-	-	-	-	(11,179,777)	(11,179,777)
Balance at November 30, 2010	52,573,969	219,820,027	4,525,000	5,540,165	23,850,719	(52,360,786)	196,850,125
Stock options exercised (b)	175,000	350,000	(175,000)	(131,950)	131,950	-	350,000
Stock-based compensation (c)	-	-	715,000	372,223	-	-	372,223
Stock options cancelled / lapsed (c)	-	-	(20,000)	(15,107)	15,107	-	-
Net loss for the period	-	-	-	-	-	(17,303,070)	(17,303,070)
Balance at August 31, 2011	52,748,969	220,170,027	5,045,000	5,765,331	23,997,776	(69,663,856)	180,269,278

(a) 2,890,000 stock options were issued, whilst 1,492,500 stock options were subsequently cancelled during the year ended November 30, 2010. The fair value (Black-Scholes valuation method) of the cancelled / lapsed stock options caused a \$4,979,540 adjustment to contributed surplus.

(b) 175,000 stock options have been exercised during the period.

(c) 715,000 options were issued during the period, and 20,000 options were cancelled. The fair value (Black-Scholes valuation method) of the cancelled / lapsed stock options caused a \$147,057 adjustment to contributed surplus.

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

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

	August 31, 2011	August 31, 2010
Numerator:		
Loss attributable to common shareholders		
- basic and diluted	(17,303,070)	(6,975,106)
Denominator:		
Weighted average number of common shares outstanding		
- basic and diluted	52,632,943	52,573,969
Basic and diluted loss per common share	\$(0.33)	\$(0.13)

5,045,000 (November 30, 2010: 4,525,000) stock options have been excluded in the calculation as their exercise would be anti-dilutive.

9. 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:

(all amounts in \$)	August 31, 2011	August 31, 2010
Administrative services ¹	150,000	150,000

1. Tau Capital Corp.

CIC carries on business outside Canada. CIC purchases administrative, advisory and investor relation services from a group 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 Group entered into an administrative service agreement (the "Agreement") with Tau Capital Corp. ("Tau Capital"). Tau Capital is a

private company of which W. Newfield is a director.

The Agreement had an initial term of three years, which terminated on July 31, 2008, whereupon it was renewed for a further year to July 31, 2009 subject to further renewal by the parties to the agreement. The terms of the Agreement as amended, required the Group to pay a monthly service fee of \$50,000 as well as reimbursement of third party costs incurred by Tau Capital in the performance of the services under the Tau Agreement on behalf of the Group. Each of CIC Energy and Tau Capital has the right to terminate the amended Tau Agreement at any time on not less than 60 days prior notice, provided that in the event of a termination of the amended Tau Agreement by CIC Energy, CIC Energy shall pay to Tau Capital a termination fee of six hundred thousand dollars (\$600,000).

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.

At August 31, 2011, none of the vesting conditions have been met and therefore no warrants had been accounted for.

10. COMMITMENTS

(a) Operating lease commitments
 CIC Energy (South Africa) (Proprietary) Limited has future operating lease commitments for equipment and buildings amounting to \$3.2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the three and nine months ended August 31, 2011 and 2010.
(unaudited - in Canadian dollars)

million ending November 30, 2016. Annual payments are:

	\$
2011	144,498
2012	631,190
2013	689,299
2014	752,776
2015	822,119
2016	<u>138,974</u>
	<u>3,178,856</u>

CIC Energy (Botswana) (Proprietary) Limited has future operating lease commitments for buildings amounting to \$17,458 for the period ending May 31, 2012.

11. 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 \$27.5 million (November 30, 2010: \$34.8 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.

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

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Gregory Kinross - President
Len Konar
Michael Movsas
Robert Gumede
Warren Newfield – Chairman

Management

Alexandrea I. Gatis, CFO
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