



Notice to Reader:

CIC Energy's Management's Discussion and Analysis for the third quarter of 2008 have been revised and re-filed to correct for a typographical error regarding the loss per share for the third quarter of 2008 as stated in *Section 4: Summary of Quarterly Results*.

The basic and diluted loss per share for the quarter ended August 31, 2008 has been corrected to \$0.006 per share from \$0.06 per share. There are no other changes to this document.



CIC ENERGY CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended August 31, 2008

Dated: October 10, 2008

(REVISED)

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1. Introduction

The common shares of CIC Energy Corp. ("**CIC Energy**" or the "**Company**"), formerly Coal Investment Corp., commenced trading on the Toronto Stock Exchange ("**TSX**") on March 23, 2006 under the symbol ELC. On June 5, 2006 the common shares of CIC Energy were listed on the Botswana Stock Exchange ("**BSE**") under the name CIC ENERGY.

This Management's Discussion and Analysis ("**MD&A**") has been prepared to give shareholders an assessment of not only what the Company has accomplished during the three and nine months ended August 31, 2008, but also what management initiatives have been undertaken to increase shareholder value in the future.

Additional information relating to CIC Energy, including the Company's Annual Information Form for the year ended November 30, 2007, has been filed on SEDAR and may be accessed at www.sedar.com.

The discussion and analysis of the financial status of CIC Energy for the three and nine months ended August 31, 2008 should be read in conjunction with the reviewed consolidated financial statements and related notes for CIC Energy and its wholly-owned subsidiaries for the three and nine months ended August 31, 2008. Historical results, including trends which might appear, should not be taken as indicative of future results.

All financial information reported herein for the three and nine months ended August 31, 2008 has been reviewed but not audited. Unless otherwise indicated all funds in this MD&A are in Canadian dollars.

2. Overall Performance

CIC Energy's principal business objective is to develop the "**Mmamabula Energy Complex**", which is planned to consist of a coal fired thermal power station project (the "**Mmamabula Energy Project**" or "**MEP**"), a coal gasification and hydrocarbon production project (the "**Coal-to-Hydrocarbons Project**" or "**CTH Project**") and an export coal project (the "**Export Coal Project**"), each of which is described in greater detail below. These projects are planned to be developed on the basis of two non-contiguous greenfield coal properties located in the Mmamabula Coalfield in southeastern Botswana. The Mmamabula Energy Complex site is located within close proximity to road, rail, water and power.

CIC Energy remains a development stage enterprise and devotes its efforts to its principal business objective, which is to develop the Mmamabula Energy Complex. Planned operations have not yet commenced and operating revenue has not yet been generated. The Mmamabula Energy Project is the most advanced project of the Mmamabula Energy Complex. The Company anticipates that it will incur expenditures for site preparation, provisioning of construction services and utilities, and general project development prior to the commencement of construction of the MEP. The Company anticipates funding such expenditures from existing working capital.

The net loss for the three months ended August 31, 2008 was \$0.3 million compared to a net loss of \$2.2 million for the same period in the prior year.

The net loss for the nine months ended August 31, 2008 was \$4.4 million compared to a net loss of \$5.9 million for the same period in the prior year, and a net loss for the twelve month period ended November 30, 2007 of \$12.5 million. Results in the current nine months benefitted to the extent of capitalized salary costs of \$2.7 million. During the year ended November 30, 2007 salary costs were only capitalised in the last quarter.

Review of Operations
(in thousands of \$)

	Three months to August 31, 2008 (reviewed)	Three months to August 31, 2007 (unaudited)	Nine months to August 31, 2008 (reviewed)	Nine months to August 31, 2007 (unaudited)	Year to November 30, 2007 (audited)
Interest received	750	779	2,530	1,401	2,624
Profit (loss) on foreign exchange	1,595	218	1,797	818	275
Total income	2,345	997	4,327	2,219	2,899
Office and general expenses	1,081	819	3,755	2,608	4,209
Personnel expenses	602	1,255	1,958	3,345	1,944
Stock based compensation	669	96	1,877	738	7,524
Impairment	-	-	-	-	832
Other expenses	245	990	989	1,407	794
Income taxes	90	25	179	71	82
Net loss	342	2,188	4,431	5,949	12,485

3. Results of Operations

Exploration Properties

Meepong Resources (Proprietary) Limited ("**Meepong Resources**"), an indirect subsidiary of the Company, holds two prospecting licences in the greater Mmamabula Coalfield in southeastern 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. However, the Waterberg Coalfield is host to South Africa's largest coal mine, the 19 Mt per annum Grootegeluk Colliery, located approximately 80 kilometre ("**km**") east of Mmamabula and owned by Exxaro Resources Limited.

The two prospecting licences are the 510.70 square kilometre ("**km**²") Coal Prospecting Licence No. 11/2004 ("**Mmamabula East**") and the 135.89 km² Coal Prospecting Licence No. 75/2002 ("**Mmamabula South**", and together with Mmamabula East, the "**MEC Coal Field**"). Meepong Resources is currently exploring and developing the MEC Coal Field with the intention of defining coal resources which will be suitable for each of the Mmamabula Energy Project, the CTH Project and the Export Coal Project. Mineral resources have been reported by CIC Energy for four areas within Mmamabula East (namely the Mookane Block, the Serorome Block, the Dovedale Block and the Border Block) and for the Mmamabula South licence area; these mineral resources are discussed further below.

The MEC Coal Field is located 120 km to the northeast of the capital city of Gaborone. The property lies between Botswana's main paved highway, which runs from Gaborone to Francistown, and the border with South Africa. Secondary unpaved roads facilitate access to the MEC Coal Field.

Mmamabula East

The Mmamabula East coal prospecting licence (PL11/2004) was granted on April 1, 2004 with an original validity of three years. In December 2006 an application for a mining licence was submitted by Meepong Resources to the

Government of Botswana. As of August 31, 2008, the validity of the coal prospecting licence had been extended to September 30, 2008. Subsequent to August 31, 2008, the validity of the coal prospecting licence was further extended to March 30, 2009, subject to Meepong Resources complying with certain conditions related to the submission of revised mining licence applications. Should Meepong Resources fail to satisfy such conditions, Meepong Resources will proceed with a renewal of the prospecting licence for a period of two years. Pursuant to the terms of the Botswana Mines and Minerals Act, upon the granting of such renewal, Meepong Resources would be required to relinquish 50% of the surface area of prospecting licence PL11/2004, with the specific area to be relinquished being determined by Meepong Resources. In the event that Meepong Resources proceeds with a renewal of the prospecting licences, Meepong Resources intends to identify areas to be relinquished that generally are not considered to have exploitable coal or where such coal cannot be exploited on a commercially attractive basis.

Four coal-bearing zones have been defined at Mmamabula East, consisting of the Mookane, Serorome, Dovedale and Border blocks (from west to east). A Phase I drilling program was completed in February 2006 and concentrated in the Mookane Block. A Phase II drilling program was completed at the end of July 2006 and concentrated in the Dovedale Block. A Phase III drilling program was completed in September 2007 and concentrated in the Serorome Block. A further 20 boreholes are being drilled in the Serorome Block, in order to gain detailed quality information for the planned open pit operation; these holes are substantially complete and the analytical results are awaited. A Phase IV drilling program was substantially completed at the end of March 2008 and concentrated in the Border Block. Unseasonably heavy rains delayed the completion of Phase IV of drilling, with approximately 16 holes remaining to be drilled. These holes will be drilled during October/November 2008.

In the early stages of exploration, the D2 and D3 seams overlying the D1 seam were discarded as potential resource due to inferior quality and inconsistent seam thickness. However, with an opencast mining option being evaluated (as a complement to underground mining), blending of the D2 and D3 seams with the M2 and D1 seams may produce a final product with acceptable qualities for power generation and gasification. In order to evaluate this possibility, 45 additional boreholes were drilled in the Mookane area. The laboratory results are pending. In addition, the D2 and D3 seams have been included in the sampling and analysis batches of all holes drilled since October 2007. Although the full set of laboratory results has not yet been received, detailed examination of those already available has commenced with the aim of identifying exploitable coal.

Mmamabula South

The Mmamabula South renewal coal prospecting licence (PL75/2002) was granted in July 2005 and was valid for a period of two years. In December 2006, an application for a mining licence was submitted by Meepong Resources to the Government of Botswana. As of August 31, 2008, the validity of the coal prospecting licence had been extended to September 30, 2008. Subsequent to August 31, 2008, the validity of the coal prospecting licence was further extended to March 30, 2009, subject to Meepong Resources complying with certain conditions related to the submission of revised mining licence applications. Should Meepong Resources fail to satisfy such conditions, Meepong Resources will proceed with a renewal of the prospecting licence for a period of two years. Pursuant to the terms of the Botswana Mines and Minerals Act, upon the granting of such renewal Meepong Resources would be required to relinquish up to 50% of the surface area of prospecting licence PL75/2002, with the specific area to be relinquished being determined by Meepong Resources. In the event that Meepong Resources proceeds with a renewal of the prospecting licences, Meepong Resources intends to identify areas to be relinquished that generally are not considered to have exploitable coal or where such coal cannot be exploited on a commercially attractive basis.

Exploration drilling at Mmamabula South was carried out as part of the Phase II and III drilling programs referred to above and is complete. The current mineral resource estimates for Mmamabula South are summarized below.

Exploration and Mineral Resource Estimates

The coal seams at Mmamabula East occur within the Dibete Formation of the Upper Ecça Subgroup and Mmamabula Formation of the Middle Ecça Subgroup. The D1 seam of the Dibete Formation and M2 seam of the Mmamabula Formation have been identified from previous exploration undertaken by British Petroleum's Coal Division ("BPCD") as having the best potential to be economically extracted. CIC Energy identified the potential value of the D1 and M2 seams, and used BPCD's information as a basis for the funding and implementation of the drilling and sampling program from 2005 to date.

As of August 2008, Meepong Resources had completed in excess of 177,000 metres in over 1,980 diamond drill holes at the MEC Coal Field. As of the date of this MD&A, one slimline drill rig is active in the Serorome Block to drill 20 additional boreholes in order to gain detailed quality information for possible open cast mining operations. This drill rig is anticipated to be joined by a second drill rig to expedite this drilling activity. On completion of drilling in the Serorome Block, the drill rigs are expected to be moved to the Border Block to complete the 16 outstanding boreholes not previously completed and to the Mookane Block to complete structural investigations.

CIC Energy announced updated NI 43-101 mineral resource estimates for the MEC Coal Field in the third quarter of 2008. A technical report on the MEC Coal Field entitled "CIC Energy Corp.: Mmamabula Energy Complex, Southeastern Botswana, Project No. J912, National Instrument 43-101 Sixth Technical Report" dated September 26, 2008 (the "Sixth Technical Report"), containing information about the mineral resource estimates for the MEC Coal Field and other relevant information, was filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") and may be accessed via the SEDAR website at www.sedar.com. Summaries of the mineral resource estimates for the MEC Coal Field reported to date are presented in the following tables, as set out in the Sixth Technical Report.

Mmamabula Global Mineral Resource Estimate

(D1 + M2 Seams: Mmamabula East, incorporating the Mookane, Dovedale, Serorome and Border Blocks, and Mmamabula South)

Category	Tonnage (Mt)
Measured	2,866.3
Indicated	58.9
Measured + Indicated (total)	2,925.2
Inferred	37.6

Mookane Block: D1 + M2 Seams Mineral Resource Estimate (Mmamabula East)
 (effective date: August 14, 2008)

Category	Tonnage D1 Seam (Mt)	Tonnage M2 Seam (Mt)	Tonnage D1 + M2 Seams (Mt)
Measured	403.6	289.1	692.8
Indicated	0	0	0
Measured + Indicated (total)	403.6	289.1	692.8
Inferred	0	0	0

Dovedale Block: D1 + M2 Seams Mineral Resource Estimate (Mmamabula East)
 (effective date: August 14, 2008)

Category	Tonnage D1 Seam (Mt)	Tonnage M2 Seam (Mt)	Tonnage D1 + M2 Seams (Mt)
Measured	403.2	502.7	905.9
Indicated	0	0	0
Measured + Indicated (total)	403.2	502.7	905.9
Inferred	0	0	0

Serorome Block: D1 + M2 Seams Mineral Resource Estimate (Mmamabula East)
 (effective date: August 14, 2008)

Category	Tonnage D1 Seam (Mt)	Tonnage M2 Seam (Mt)	Tonnage D1 + M2 Seams (Mt)
Measured	266.8	165.6	432.4
Indicated	0	-	0
Measured + Indicated (total)	266.8	165.6	432.4
Inferred	0	0	0

Border Block: D1 + M2 Seams Mineral Resource Estimate (Mmamabula East)
 (effective date: August 14, 2008)

Category	Tonnage D1 Seam (Mt)	Tonnage M2 Seam (Mt)	Tonnage D1 + M2 Seams (Mt)
Measured	168.7	390.1	558.8
Indicated	12.5	11.8	24.2
Measured + Indicated (total)	181.2	401.8	583.0
Inferred	15.9	18.0	33.9

Mmamabula South: D1 + M2 Seams Mineral Resource Estimate
 (effective date: May 24, 2007)

Category	Tonnage D1 Seam (Mt)	Tonnage M2 Seam (Mt)	Tonnage D1 + M2 Seams (Mt)
Measured	183.2	93.1	276.3
Indicated	22.6	12.1	34.7
Measured + Indicated (total)	205.8	105.2	311.0
Inferred	3.4	0.3	3.7

Average Raw Coal Qualities per Resource Category
(effective date: August 14, 2008)

Block	Seam	Resource Category	Calorific Value (MJ/kg)	Inherent Moisture Content (%)	Ash Content (%)	Volatile Matter Content (%)	Sulphur Content (%)
Mookane	M2	Measured	22.85	4.74	21.54	23.80	2.15
	D1	Measured	21.32	4.87	23.83	21.76	1.64
Serorome	M2	Measured	19.37	3.65	32.01	20.83	1.29
	D1	Measured	20.33	3.99	27.85	21.44	1.49
Dovedale	M2	Measured	23.11	3.90	22.71	24.44	2.22
	D1	Measured	20.23	3.69	29.77	21.64	3.18
Border	M2	Measured	23.05	3.33	23.63	24.92	2.67
	D1	Measured	20.92	3.65	27.74	22.00	3.69
	M2	Indicated	23.82	4.00	20.79	26.79	2.70
	D1	Indicated	21.14	4.16	26.77	21.77	4.19
	M2	Inferred	23.63	3.97	21.42	26.68	2.63
	D1	Inferred	21.31	4.23	26.29	21.80	4.16
South	M2	Measured	22.83	6.30	21.80	22.83	1.64
	D1	Measured	21.10	6.49	21.42	23.28	1.52
	M2	Indicated	23.24	5.98	20.46	23.24	1.49
	D1	Indicated	21.13	6.00	21.84	23.46	1.51
	M2	Inferred	23.26	5.80	20.27	23.26	1.33
	D1	Inferred	21.70	5.74	20.83	23.65	1.51

Coal Products

As the drilling program has been substantially completed, the Company has conducted geological modeling and analysis in order to evaluate the extent to which the measured and indicated resources can be mined and beneficiated in order to support the Company's project development activities at the Mmamabula Energy Complex. The base case mining method proposed for the mineral resources is a combination of conventional underground bord and pillar mining using continuous miners and strip mining, with the resulting run-of-mine coal production to be beneficiated through either a single or multi-stage washing process, depending on the characteristics of the coal produced.

Based on the analysis that has been performed, the Company is confident that the coal resource will be capable of yielding coal products in the quantities and qualities required to support the Mmamabula Energy Project, the CTH Project and the Export Coal Project as currently being developed.

The ability of the Company to produce such coal products is subject to various risks and uncertainties. Please see *Section 16: Risks* and *Section 18: Cautionary Statement Regarding Forward-Looking Statements* for further details.

Mmamabula Energy Project

The southern African region is currently experiencing power shortages on a regular basis and major baseload generation capacity shortages are predicted to begin as early as 2011 (cf. Absa Bank of South Africa Limited, a subsidiary of Barclays Bank). Based on projected upcoming power deficits, the southern African regional utilities, including Eskom Holdings Limited ("**Eskom**") and Botswana Power Corporation ("**BPC**"), are promoting new projects and urgently require additional power to meet their requirements. The Mmamabula Energy Project is intended to address part of the projected power shortfall, with the objective that the MEP be developed as a phased project to commence providing electricity to the southern African power grid in 2013 subject to, among other things, the timely conclusion of an Engineering, Procurement and Construction ("**EPC**") Contract and the raising of non-recourse project financing.

In a news release of June 23, 2008, the Company announced that the MEP could not proceed as initially envisaged with the preferred EPC contractor because the MEP sponsors were unable to reach an agreement for an EPC contract on terms and conditions acceptable to potential MEP lenders within the timeframe specified by the preferred EPC contractor. The Company also announced on June 23, 2008 that the Company intends to assess and consider alternative configurations for the MEP to supply power to the region's growing needs, with one alternative being downsizing the MEP to a smaller power station.

In a news release of August 5, 2008, the Company indicated that substantive progress had been made with an alternative EPC solution and that the MEP was expected to be re-sized to a 1,200 MW power station, designed with provision for future expansion. The Company expects to receive a detailed offer for a 1,200 MW (net) power station during the fourth quarter of calendar 2008 and anticipates being in a position to announce the selected EPC contractor for the MEP power station before the end of calendar 2008.

A key aspect of the successful development of the MEP is the conclusion of power purchase agreements ("**PPAs**") with Eskom and BPC for the power that is expected to be generated by the Mmamabula Energy Project, with Eskom being expected to purchase the majority of the power. The Company anticipates that the PPAs will be based on the forms of such documents that were previously under negotiation based on the larger power station configuration, amended as relevant for the 1,200 MW power station.

Environmental Impact Assessment ("**EIA**") studies for the previously proposed 7.5 to 9.0 million sales tonnes per annum coal mine, along with the 2,100 to 2,460 MW power station and certain related infrastructure, as well as for the planned transmission lines, were prepared in accordance with environmental legislation of the Government of Botswana and were submitted to the relevant Government of Botswana departments on June 7, 2007. Approval of these studies (related to a 2,100 to 2,460 MW power station) by the Department of Environmental Affairs of the Government of Botswana was received.

CIC Energy intends to submit amended EIA studies to the Government of Botswana on the basis of a 1,200 MW power station, an amended mining plan and a revised transmission routing to coordinate with the routing approved by the Government of the Republic of South Africa. As of the date of this MD&A, this documentation was in the process of preparation. Approval of the amended EIA studies is a prerequisite for the granting of a mining licence, an independent power producer licence, and surface rights required for the MEP, as well as the acquisition of transmission line and other necessary servitudes in Botswana. Approval of the EIA study related to the transport corridor has not yet been received but is anticipated to be received prior to the end of calendar 2008. Environmental Social and Health Impact Assessment studies prepared in accordance with standards of the International Finance Corporation, the private sector arm of the World Bank Group, and related internationally-required compliance standards are ongoing.

Certain infrastructure works will need to be procured by CIC Energy to support and augment the work that will be done by the primary EPC contractor. CIC Energy is currently conducting a competitive tender process for the performance of these infrastructure works.

In a news release of September 30, 2008, CIC Energy announced that it had signed a successor agreement with International Power plc ("**IPR**"), which supersedes the Project Development Agreement signed by the two companies in March 2007. Under the new agreement, CIC Energy and IPR intend to continue to work together in developing one or more power stations in Botswana, utilizing coal from the MEC Coal Field. The terms of the relationship going forward will be set out in further agreements to be negotiated, which may include agreements regarding participation by IPR in the MEP as an equity investor and operator, but may also include agreements regarding a separate power station to be developed in the vicinity of the Mmamabula Coalfield, in respect of which the Company would be the designated coal supplier and would also have certain equity participation rights.

The ability of the Company to complete the Mmamabula Energy Project is subject to various risks and uncertainties. Please see *Section 16: Risks* and *Section 18: Cautionary Statement Regarding Forward-Looking Statements* for further details.

CTH Project

During the third quarter, CIC Energy completed several technical feasibility studies on the CTH Project. The primary technical feasibility study was prepared by Jacobs Engineering to develop and evaluate viable CTH Project alternatives as well as provide technical and cost estimates. The results of this feasibility study were positive, as announced in the Company's news release of August 5, 2008. The Jacobs study concluded that the coal from the MEC Coal Field was entirely suitable for the production of synthesis gas ("**syngas**") using either the Shell or the Siemens gasification technologies that were evaluated.

The results from two additional technical studies that were undertaken, as previously announced, were incorporated into the Jacobs feasibility study. These included a technical study by Toyo Engineering of Japan related to the manufacturing of a specific fuel end-product (dimethyl ether) from the syngas. The third technical study was a pre-feasibility study conducted by a partnership between Lategan & Bouer and VGI Consulting Inc. (both from South Africa) to evaluate a multi-product pipeline from the Mmamabula Energy Complex site to the Gauteng area in South Africa. The outcomes of both of these studies were positive and additional work is being considered.

CIC Energy's initial market study for the CTH Project has also been completed. This study looked at the potential market opportunities for the different downstream products that could be produced from syngas that results from gasifying coal. Potential downstream products include chemicals and fuels. This initial market study concluded that there are several opportunities to sell potential downstream products to the Southern African Development Community and international markets.

A second phase detailed value-chain study, which includes a more comprehensive market study, is now underway by Shell Global Solutions International. This study is expected to be concluded in the fourth quarter of calendar 2008, and the Company will evaluate the various options that are the subject of the value-chain study following receipt thereof.

Following completion of the technical feasibility studies and the value-chain study, the Company intends to finalise its economic assessment of the CTH Project. Given the volatility in the markets for petroleum products, the Company is also exploring opportunities to market syngas to large scale users in the region under long term supply agreements.

The Company also has entered into an option agreement with Shell Research Limited for the grant of a licence over coal gasification intellectual property.

The ability of the Company to complete the CTH Project is subject to various risks and uncertainties. Please see *Section 16: Risks* and *Section 18: Cautionary Statement Regarding Forward-Looking Statements* for further details.

Export Coal Project

A mine, rail and port pre-feasibility study is underway for the Export Coal Project to investigate the exporting of seaborne traded A grade thermal coal from the Mmamabula Energy Complex site to a port on the west coast of southern Africa. An approximately 1,500 kilometre rail line would have to be constructed from the Mmamabula Energy Complex site in a westerly direction through Botswana and Namibia. At the Namibian coast, a coal terminal and loading facility is envisaged to be built to be able to load ocean going vessels. This study is expected to be completed prior to the end of calendar 2008.

In the event that the outcome of the pre-feasibility study is positive, the Company will consider proceeding with a bankable feasibility study for the Export Coal Project. The Company is in discussions with other parties in the region that are interested in participating as joint venture partners in the preparation of such a bankable feasibility study and ultimately as users of the rail and port facilities, should a decision be made to proceed with the development thereof.

The ability of the Company to complete the Export Coal Project is subject to various risks and uncertainties. Please see *Section 16: Risks* and *Section 18: Cautionary Statement Regarding Forward-Looking Statements* for further details.

Water supply

CIC Energy has assessed the water demands of the Mmamabula Energy Complex and potential sources of water, although final water demand can only be ascertained upon completion of design specifications for the relevant projects, including mine development. As part of CIC Energy's assessment, a groundwater exploration program consisting of geophysical surveys followed by a drilling and testing of 46 exploration boreholes was undertaken by Wellfield Consulting Services over an area of some 1,500 km². The area lies to the southwest of Kudumatse and north of the Mmamabula East licence area.

The exploration program identified a significant groundwater resource in the Ntane Sandstone aquifer of the Karoo system.

The identified resource has been further quantified by numerical modeling that has simulated the development and operation of a production wellfield within 20 kilometres of the Mmamabula Energy Complex site. The results of this modeling study, corroborated by independent review by Government of Botswana water authorities and international peer reviewers, indicated that there are sufficient ground water resources available to supply the Mmamabula Energy Complex with 12 million cubic meters of water per year for a period of 40 years.

It is anticipated that the water requirements will be sourced primarily from groundwater from production wellfields developed as part of the Mmamabula Energy Complex. On September 10, 2007, Meepong Water (Proprietary) Limited, a subsidiary of the Company, was granted groundwater abstraction rights from the Water Apportionment Board in Botswana in support of the water requirements for the Mmamabula Energy Project.

Approval of the EIA related to groundwater wellfields for the MEP was received from the Department of Environmental Affairs of the Government of Botswana on September 5, 2008.

The Company anticipates that additional groundwater abstraction rights will be granted to Meepong Water prior to the end of calendar 2008. These abstraction rights are expected to be used for further development activities at the Mmamabula Energy Complex. The Company intends to apply for additional groundwater abstraction rights in the future

once water requirements have been determined. The wellfield water may later be complemented by water sourced from the Phase 2 North South Water Carrier that is currently being developed by the Government of Botswana.

4. Summary of Quarterly Results

Net Income Highlights (in thousands of \$)

	Three months to August 31, 2008 (reviewed)	Three months to May 31, 2008 (reviewed)	Three months to February 29, 2008 (reviewed)	Three months to November 30, 2007 (unaudited)
Total income	2,345	810	1,171	680
Total expenses	2,597	3,330	2,650	7,206
Net income (loss)	(342)	(2,610)	(1,479)	(6,536)
Basic and diluted loss per share	(0.006)	(0.05)	(0.03)	(0.13)

	Three months to August 31, 2007 (unaudited)	Three months to May 31, 2007 (unaudited)	Three months to February 28, 2007 (unaudited)	Three months to November 30, 2006 (unaudited)
Total income	997	210	1,012	1,315
Total expenses	3,160	2,901	2,036	1,077
Net income (loss)	(2,188)	(2,737)	(1,024)	183
Basic and diluted loss per share	(0.04)	(0.06)	(0.02)	0.01

Quarterly trends in total income reflect interest received on cash balances and foreign exchange profits and losses resulting from changes in the South African Rand / Canadian Dollar and Botswana Pula / Canadian Dollar exchange rates as funds are transferred from the Company's bank account to South Africa and Botswana to pay corporate and exploration expenses. Total expenses have generally increased each quarter as the Company has grown in size with the advancement of the Mmamabula Energy Complex and its most advanced project, the Mmamabula Energy Project, with a levelling off in recent months.

During the current quarter a general strengthening of the Pula and Rand against the Canadian Dollar resulted in an increase in foreign exchange gains and total income relative to the last quarter. Expenditure levels in the current quarter were below those in the last quarter in most categories.

There were no extraordinary items during the current quarter.

Cash Flow Highlights
(in thousands of \$)

	Three month period to August 31, 2008 (reviewed)	Three month period to August 31, 2007 (reviewed)	Nine month period to August 31, 2008 (reviewed)	Nine month period to August 31, 2007 (reviewed)	Year ended November 30, 2007 (audited)
Operating activities	(2,925)	(2,379)	(7,972)	(7,704)	(6,874)
Investing activities	(5,760)	(7,643)	(17,606)	(21,458)	(31,061)
Financing activities	268	86,321	454	131,903	132,013
Beginning cash balance	105,280	54,351	121,989	27,911	27,911
Net cash flow for the period	(8,417)	76,299	(25,124)	102,739	94,078
Ending cash balance	96,863	130,650	96,863	130,650	121,989

Operating Activities

For the three month period ended August 31, 2008, operating activities utilized \$2.9 million cash compared with \$2.4 million in the same period in 2007. An increased investment in working capital was the main reason for the higher cash utilization in 2008.

For the nine month period ended August 31, 2008, operating activities utilized \$8.0 million cash compared with \$7.7 million in the same period in 2007.

Investing Activities

Investing activities for the three month period ended August 31, 2008 utilized \$5.8 million cash compared with \$7.7 million in the same period in 2007.

Investing activities for the nine months ended August 31, 2008 utilized \$17.6 million mainly due to exploration activities at the MEC Coal Field. This compares to the utilization of \$21.5 million in 2007 which was also largely the result of exploration activities. In addition, the acquisition of SAD-ELEC utilized approximately \$1 million in the first quarter of 2007. Investments in exploration activities were partially offset by interest received of \$2.5 million in the current nine month period compared to \$1.4 million in the comparative period.

Financing Activities

Financing revenue in the current three and nine months ended August 31, 2008, was limited to proceeds arising from share issues following the exercise of stock options amounting to \$0.3 million and \$0.5 million respectively. During the first nine months of the last fiscal year, a net \$131.9 million was raised from the issue of share capital via a private placement and exercise of brokers' warrants, of which \$86.3 million was raised in the third quarter.

5. Liquidity

Historically the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements to sophisticated investors and institutions. The Company's access to such funding is always uncertain and there can be no assurance of continued access to equity funding if required in order for the Company to

meet its planned business objectives. This is particularly true in the current global credit market which has seen a significant reduction in liquidity in recent months.

As of August 31, 2008, the Company had cash and cash equivalents of approximately \$96.9 million, which is anticipated to be sufficient to fund the Company's exploration programs, operating costs and working capital for at least the next two years (including taking into consideration the impact of the normal course issuer bid announced on September 24, 2008). The Company will need to raise additional funds in order to implement each of the Mmamabula Energy Project, the Coal-to-Hydrocarbons Project and the Export Coal Project. Such additional funds are expected to be raised primarily through debt financing and joint venture arrangements, and further capital raising if required.

The Company has no long term debt, capital lease obligations, operating leases, purchase obligations (being an agreement to purchase goods or services that is enforceable and legally binding on the Company that specifies all significant terms) or any other material long term obligations, other than routine office leases.

Please see *Section 16: Risks* and *Section 18: Cautionary Statement Regarding Forward-Looking Statements* for further details.

6. Capital Resources

Working Capital

As of August 31, 2008, the Company had working capital of \$95.3 million. The Company has no long-term debt.

Capital Expenditure on Exploration Properties (in thousands of \$)

Mmamabula Energy Project

	Balance at beginning of year	Three months to August 31, 2008	Nine months to August 31, 2008	Balance at August 31, 2008
Mmamabula Energy Project	86,338	9,170	26,473	112,811

The balance at August 31, 2008 includes exploration, staff and relevant legal costs capitalized (\$2.7 million) as well as the cost of purchasing 100% shareholding in Meepong Resources (\$4.2 million). Historically these costs have all been allocated to the Mmamabula Energy Project. A share of such costs will be allocated to the CTH Project and/or the Export Coal Project at such time as the coal requirements and sourcing plans for these projects have been more accurately determined.

Mmamabula Energy Project Mine Development

	Balance at beginning of year	Three months to August 31, 2008	Nine months to August 31, 2008	Balance at August 31, 2008
Mine Development	4,032	-	-	4,032

\$4.0 million is the value of project development work carried out on the mine project as at August 31, 2008, over and above direct exploration costs for mine development for the Mmamabula Energy Project.

Mmamabula Energy Project Infrastructure

	Balance at beginning of year	Three months to August 31, 2008	Nine months to August 31, 2008	Balance at August 31, 2008
Infrastructure	1,047	-	-	1,047

A deposit of \$1 million was paid in the fourth quarter of 2007 for the commencement of work to provide construction power to the Mmamabula Energy Project site.

Coal-to-Hydrocarbons Project

	Balance at beginning of year	Three months to August 31, 2008	Nine months to August 31, 2008	Balance at August 31, 2008
Coal-to-Hydrocarbons Project	-	2,543	3,430	3,430

The Company is rapidly advancing its Coal-to-Hydrocarbons Project which is intended to produce synthesis gas from coal which can be converted to a variety of downstream products including petrochemicals, gas and fuels. The balance of August 31, 2008 includes dedicated staff and consulting costs incurred in developing this opportunity, but does not include any exploration and related costs for coal resource development referred to above.

Export Coal Project

The Company is conducting pre-feasibility studies on the Export Coal Project which is intended to develop a rail transportation solution and export coal terminal. As of August 31, 2008, no costs had been directly allocated to this project.

Capital Raising Activities

There were no fund raising activities in the first, second or third quarters of the 2008 fiscal year and there are no investments in asset-backed commercial paper.

Normal Course Issuer Bid

On September 24, 2008, CIC Energy announced that it had obtained approval from the Toronto Stock Exchange ("TSX") in terms of which the Company will be permitted to purchase up to 2,688,288 of its common shares in the open market over a twelve month period. This represents 5 percent of the issued and outstanding shares of 53,765,769 as of September 17, 2008. Daily purchases will be limited to 29,814 common shares, except when block purchases are made. The bid will commence on September 26, 2008 and end on September 25, 2009. The purchases in the open market will be made through the facilities of the TSX and conducted at the market price at the time of acquisition. All shares purchased by the Company will be subsequently cancelled. As of October 8, 2008, the Company had purchased a total of 106,800 shares under the normal course issuer bid.

7. Off-Balance Sheet Arrangements

As of the date of this MD&A, there were no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

8. Transactions with Related Parties

Included in the consolidated financial statements are payments made to companies under the control or significant influence of officers and directors of CIC Energy. 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:

CIC Energy carries on business outside Canada. On August 1, 2005, the Company entered into an administrative service agreement (the "**Agreement**") with Tau Capital Corp. ("**Tau**") for the provision of administrative, advisory and investor relation services, and to assist in fulfilling the Company's ongoing obligations as a reporting issuer listed for trading on a stock exchange in Canada. Tau is a private company controlled by Warren Newfield, the Co-Chairman, Chief Executive Officer and a director of the Company.

The Agreement had an initial term of three years, terminating on July 31, 2008, whereupon it was renewed for a further year. The terms of the Agreement require the Company to pay a monthly service fee of US\$23,000. In addition an amount of \$485,364 was charged to the Company in respect of services rendered outside the Agreement in the first nine months of 2008.

9. Proposed Transactions

As of the date of this MD&A, there were no proposed asset or business acquisitions or dispositions expected to have an effect on the financial condition, results of operations or cash flows of the Company.

10. Critical Accounting Estimates

In preparing financial statements in accordance with Canadian GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenses for the three and nine month periods ended August 31, 2008.

Critical accounting estimates represent estimates that are uncertain and for which changes in those estimates could materially impact on the CIC Energy's financial statements. Management reviews its estimates and assumptions on an ongoing basis using the most current information available. Management considers that the estimates and assumptions that have been made are reasonable and appropriate as of the date hereof, based on the most current information available. The following accounting estimates are critical:

Impairment of mineral properties and deferred expenditures

Long-lived assets, including property and equipment, goodwill, mineral assets, mine infrastructure and exploration properties, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted cash future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less

costs to sell, and are no longer depreciated. The assets and liabilities of disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet.

Income taxes

Income taxes are accounted for using the liability method under which future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be reversed. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of substantive enactment. In assessing future tax assets, CIC Energy considers whether it is more likely than not that some portion or all of the future income tax assets will be realized and whether a valuation allowance is required.

Stock based compensation

CIC Energy has a rolling ten percent stock option plan and under that plan issues stock options to directors, officers, employees and key consultants from time to time. Options granted may be exercised during a period not exceeding ten years, subject to earlier termination under various circumstances. The options are non-transferable. The exercise price may not be less than the minimum price stipulated by applicable regulators.

CIC Energy uses the Black-Scholes model to estimate the fair value of these options. Under the fair value based method, compensation cost for equity settled stock options and direct awards of stock is measured at fair value at the grant date, while compensation costs for awards that call for settlement in cash or other assets, or are stock appreciation rights that call for settlement in cash or other assets, or are stock appreciation rights that call for settlement by the issuance of equity instruments, is measured at the ultimate settlement amount. Compensation cost is recognized in earnings on a straight-line basis over the relevant vesting period. The counterpart is recognized in contributed surplus. Upon exercise of a stock option, share capital is recorded at the sum of the proceeds received and the related amount of contributed surplus.

This model, and other models which are used to value options, require inputs such as expected volatility, expected life to exercise and interest rates. Changes in any of these inputs could cause a significant change in the stock-based compensation expense charged in a period.

11. Change in Accounting Policy

In the third quarter of 2008, CIC Energy changed its accounting policy for the recognition of stock-based compensation expense from the Binomial model to the Black-Scholes model. Both models are permitted under Canadian GAAP. The Company had previously used the Black-Scholes model, but changed from the Black-Scholes model to the Binomial model in the first quarter of 2008 on that basis that it was expected to provide a mathematically more advanced measurement methodology than the Black-Scholes model. Upon further analysis and consideration, Management concluded that the Binomial model did not provide material additional benefits that justified the additional time and expense in preparation. It is important to note 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 back to the Black-Scholes model had no impact on the reported results of the third quarter of 2008 and it is not expected to have any impact on the reported results for any subsequent quarter or the full financial year.

12. Financial Instruments and Other Instruments

The only financial instruments that the Company has are cash and cash equivalents, other receivables, accounts payable and accrued liabilities which are short-term financial instruments whose fair value approximates their carrying value given that their maturity period is short. CIC Energy is exposed to foreign currency risk with respect to certain of its receivables and accounts payable and other accrued liabilities. The Company does not mitigate this risk.

As of the date of this MD&A, there were no other instruments held by the Company that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

13. Disclosure of Outstanding Share Data

The following details the share capital structure as at October 9, 2008. These figures may be subject to minor accounting adjustments prior to presentation in future consolidated financial statements.

	Expiry Date	Exercise price	Number	Total
Common Shares	N/A	N/A		53,658,969
Share Options	April 17, 2014	\$6.90	2,080,500	5,202,750
	Sept 1, 2014	\$8.00	300,000	
	July 26, 2014	\$8.00	497,250	
	Nov 2, 2014	\$8.61	35,000	
		\$14.00	75,000	
	Dec 22, 2014	\$13.15	412,000	
	Mar 2, 2015	\$15.82	337,500	
	June 1, 2015	\$14.90	325,000	
	Oct 1, 2015	\$16.25	115,000	
	Feb 1, 2016	\$16.25	225,000	
	March 10, 2016	\$16.25	250,000	
	March 13, 2016	\$17.30	550,000	
Common Shares issuable upon exercise of Warrants	Jan 1, 2009	\$11.00	100,000	
	Dec 8, 2014	\$11.00	200,000	
	Jan 1, 2015	\$11.00	550,000	
	Feb 1, 2015	\$11.00	200,000	
	Mar 1, 2015	\$14.00	225,000	
	Sep 14, 2015	\$16.25	150,000	
Total number of Fully Diluted Shares				60,486,719

14. Internal Control Over Financial Reporting

No changes were made to the Company's internal control over financial reporting during the three month period ended August 31, 2008, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

15. Qualified Person

Exploration at the MEC Coal Field is being conducted under the supervision of Ms. Lesley Jeffrey, who is an employee of a subsidiary of the Company. Ms. Jeffrey is registered as a member of the Geological Society of South Africa and as a Professional Natural Scientist with the South African Council for Natural Scientific Professions; she is a "Qualified Person" as such term is defined in National Instrument 43-101 ("**NI 43-101**"). Ms. Jeffrey has reviewed and approved the technical information in this MD&A. Ms. Jeffrey is the "Qualified Person", as such term is defined in NI 43-101, responsible for the preparation of the mineral resource estimates and the Sixth Technical Report.

16. Risks

The operations of CIC Energy are high-risk due to the scope, nature and stage of development of the Mmamabula Energy Complex. The following risk factors could materially affect CIC Energy's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to CIC Energy. CIC Energy may face additional risks and uncertainties other than those listed below, including, risks and uncertainties that are unknown to CIC Energy or risks and uncertainties that CIC Energy now believes to be unimportant, which could have a material adverse effect on the business of CIC Energy. If any of the following risks actually occur, the business, financial condition and/or results of operations of CIC Energy could be negatively affected.

Project Development Risks

Development projects such as those being undertaken for the Mmamabula Energy Complex have no operating history upon which to base estimates of future cash operating costs. Particularly for development projects, resource estimates and estimates of cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies which derive estimates of cash operating costs based upon anticipated tonnage and grades of coal to be mined and processed, ground conditions, the configuration of the coal seams, expected recovery rates of coal from the seams, estimated sales revenues and operating costs from coal beneficiation activities, anticipated climatic conditions and other factors. As a result, it is possible that actual cash operating costs and economic returns will differ significantly from those estimated for the development projects prior to the commencement of operations. Development projects may experience unexpected problems and delays during development, construction and commencement of operations.

CIC Energy's operations and its ability to hold various mineral rights require licences, permits and authorizations and, in some cases, renewals of existing licences, permits and authorizations from various governmental and quasi-governmental authorities. CIC Energy's ability to obtain, sustain or renew such licences, permits and authorizations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable governmental and quasi-governmental bodies. No assurance can be given that CIC Energy's properties are not subject to undetected or unregistered interests or claims, whether in contract or tort, which could be material and adverse to it.

Establishment of a coal reserve and development of a coal mine does not assure a profit on the investment or recovery of costs. In addition, geological complexity, mining hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from a mine. These conditions include delays in obtaining governmental approvals, licences or consents, or other geological, engineering and mechanical conditions. While diligent mine supervision and effective maintenance operations can contribute to maximising production rates over time, production delays from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

The development of each of the projects that make up the Mmamabula Energy Complex is dependent on the ability of CIC Energy to conclude the necessary agreements, and to obtain all necessary licences, permits, authorizations,

consents, approvals and concessions from the Government of Botswana. The inability to conclude the necessary agreements could have a material adverse effect on CIC Energy's operations and business. The ability to secure such agreements in the first instance is beyond the control of CIC Energy and, furthermore, due to the planned scale of operations, CIC Energy, whether directly or indirectly, is dependent on third parties for the conclusion of such contracts on favourable terms.

The development of each of the projects that make up the Mmamabula Energy Complex will also require CIC Energy to conclude the necessary agreements with EPC contractors with the requisite skills and experience to successfully complete the industrial components and infrastructure of such projects. Due to increased worldwide demand for the construction services and rising commodity prices, the EPC market is generally very competitive, the services of EPC contractors are in short supply, the costs of EPC services have been increasing substantially and the terms of such contracts have become less favourable to purchasers. As a result, CIC Energy may not be able to conclude EPC contracts on terms favourable to CIC Energy and/or acceptable to project lenders, on a timely basis or at all. Lack of capacity in the EPC market may also lead to delays in the completion of EPC contracts generally and/or in the commencement of commercial operations in respect of the projects that make up the Mmamabula Energy Complex.

CIC Energy will also be required to procure significant mining and processing plant equipment for its mining operations for the Mmamabula Energy Complex, the pricing and availability of which is beyond the control of CIC Energy and which is subject to similar market pricing and competitive pressures as the EPC market.

The Mmamabula Energy Complex will be subject to a number of risks and hazards, generally, including adverse environmental and climatic conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory regime, natural phenomena, flooding, delays or failures in obtaining required licences, permits and authorizations, supplies, machinery, equipment or labour and other risks typically associated with mining/industrial/logistical development and operations. Unknown factors with respect to such development and operations are also involved. Existing and future environmental laws may cause significant additional expenses, capital expenditures, restrictions and delays in the development and operation of the Mmamabula Energy Complex, the extent of which cannot be predicted and which may well be beyond CIC Energy's capacity to fund. Environmental and social impact studies may also be required for some operations and significant fines and clean-up responsibilities may be assessed for companies causing damage to the environment in the course of their activities.

Coal mining, coal processing and industrial activities of the scale envisaged at the Mmamabula Energy Complex can be demanding on water resources. Sulphur content of the coal must be reduced in accordance with World Bank emission standards. The inability to secure access to water and sorbent in sufficient quantities and/or at cost effective prices may have a negative impact on all or part of the proposed operations comprising the Mmamabula Energy Complex.

Although CIC Energy maintains liability insurance in an amount that it considers consistent with industry practice for a company in the development stage, the nature of these risks is such that liabilities could exceed policy limits, in which event CIC Energy could incur significant costs that could have a material adverse effect upon its financial condition.

In addition to the foregoing, the Mmamabula Energy Project is dependent on the ability of the Company to successfully conclude PPAs with Eskom and/or BPC and to operate the mine and the power plant in order to produce the electricity required to be delivered pursuant to the PPAs. Although CIC Energy has entered into a number of memoranda of understanding and heads of agreement concerning the development of the Mmamabula Energy Project (including a memorandum of understanding with Eskom), if CIC Energy fails to enter into all requisite definitive agreements, CIC Energy may be unable to proceed with the development of the Mmamabula Energy Project.

In order to finalize the PPAs with Eskom and/or BPC, and to obtain financing for the Mmamabula Energy Project, the parties have to reach agreement on, among other things, the applicable tariff, and certain concessions may need to be obtained from the Government of Botswana, including tax concessions. Failure to obtain acceptable tariffs and/or the foregoing concessions may have a material adverse impact on the viability and possible profitability of the Mmamabula Energy Project and on CIC Energy's financial condition.

The Mmamabula Energy Project is dependent on the ability of the Company to successfully conclude agreements with one or more parties as equity investors in the Mmamabula Energy Project, including the successful conclusion of an agreement with an independent power producer to invest in and operate the power station. Failure to conclude such agreements may have a material adverse impact on the viability and possible profitability of the Mmamabula Energy Project and on CIC Energy's financial condition.

The ownership and operation of the proposed power station is dependent on the ability of Meepong Energy to obtain an IPP Licence, which will be subject to the fulfillment of a number of conditions, including obtaining the necessary equity and debt financing for the power plant, changes in regulations and the discretion of government authorities. The inability to obtain an IPP Licence would have a material adverse effect on CIC Energy's operations and business. If such an IPP Licence is obtained, CIC Energy's profits, if any, will be related to the price of electricity that is supplied to Eskom and/or BPC under the PPAs. The price and amount of power that may be sold under these PPAs is uncertain as at the date hereof. The failure to conclude a PPA with Eskom and/or BPC on favourable terms could result in the Mmamabula Energy Project being commercially unfeasible.

In the event that it is not possible to enter into a turnkey EPC contract for the Mmamabula Energy Project due to current market circumstances, alternative arrangements or structures regarding the shifting of all or part of the risks of increased EPC costs from the EPC contractor to the Company, the lenders and/or the off-takers would need to be agreed. Should such alternative arrangements or structures be necessary, there can be no assurance that the Company, the lenders and the off-takers will reach agreement in respect of such arrangements or structures. In order to secure EPC services, CIC Energy may also have to pay non-refundable deposits related to the reservation of manufacturing slots and associated engineering resources for delivery of long lead-time equipment such as boilers and turbines in advance of the signing of a definitive EPC contract. Any such deposits may only be valid for a limited period of time, and in the event that CIC Energy is not able to proceed with the construction of the Mmamabula Energy Project prior to the end of validity of such deposits, such deposits may be lost, which would have a negative impact on CIC Energy's financial condition. In order to secure the schedule for commercial operations of the power station desired by Eskom and/or BPC, CIC Energy may have to incur costs for preparatory and early construction works, both to the EPC contractors and to third parties, which amounts would be incurred prior to the achievement of the closing of the project debt financing required to fund the construction of the Mmamabula Energy Project ("**Financial Close**"). In the event that Financial Close is not subsequently achieved as a result of an inability to secure lenders, it may not be possible for CIC Energy to recover such costs, which would have a negative impact on CIC Energy's business, financial condition and/or results of operations.

For the proposed power station to deliver electricity, it will be necessary to construct and operate new power transmission lines to connect to the Eskom and/or BPC networks. No assurance can be given that the optimal power line routing can be established, or that it can be established without incurring excessive cost. CIC Energy can also not guarantee that Eskom and/or BPC will be able to construct the necessary power transmission infrastructure in a timely manner for the Mmamabula Energy Project. As well, there is also a dispatch risk for the power that is generated, depending on the current status of the transmission network and other generation assets on the network. Unavailability of transmission networks to evacuate the power produced by the power plant, as well as other disturbances on the interconnected networks in the Southern African Power Pool could reduce the amount of electricity sold and as such impact on CIC Energy's financial results.

The ability to generate power and to sell the power to Eskom and/or BPC is dependent on factors beyond the control of CIC Energy, including, but not limited to, the completion of the development of the Mmamabula Energy Project within budget and on schedule. Anything which adversely affects price and volume (of either coal or power) and the development of the Mmamabula Energy Project could adversely affect the business, financial condition or results of operations of CIC Energy.

In the event that the Company successfully negotiates PPAs with Eskom and/or BPC, credit support may be required from the Government of South Africa and/or the Government of Botswana, respectively, in order to support the financial obligations of each of Eskom and/or BPC under the PPAs. The inability to obtain such credit support could adversely affect the ability to secure funding for the Mmamabula Energy Project.

Project Financing Risks

The development of each of the projects that make up the Mmamabula Energy Complex, along with the commencement of operations will require substantial additional financing. The only current source of funds available to CIC Energy for the purpose of project development is through the issuance of equity or debt or the entering into of joint venture agreements. There can be no assurance that financing for the projects that make up the Mmamabula Energy Complex will be available or, if available, will be available on favourable terms or in a timely manner. In particular, as a result of the ongoing global credit crisis affecting international financial institutions, international debt markets are currently characterized by an absence of liquidity, which is resulting in severe difficulty in obtaining commercial debt financing. Furthermore, global securities markets are currently experiencing extreme volatility, which is resulting in severe difficulty in raising equity capital. Failure to obtain sufficient financing when needed will result in a delay or indefinite postponement of development or production of some or all of the projects that make up the Mmamabula Energy Complex and will have a material adverse effect on CIC Energy's business, financial condition and results of operations.

In addition to the foregoing, in the event that the tariff under the PPAs is payable in Rand, the development of the Mmamabula Energy Project may require the raising of substantial debt financing in Rand. Due to South African statutory limits which limit the amount that a single lender is able to lend to a single borrower as well as the fact that the Rand market is more limited and less liquid than other "hard currency" markets, including the US dollar market, there is a risk that sufficient Rand to finance the Mmamabula Energy Project may not be available. In addition, increases in South African interest rates may increase the cost of Rand based project debt funding and adversely impact the Mmamabula Energy Project. In addition, during times of global economic uncertainty, such as those currently being experienced, emerging market currencies (such as the Rand) and interest rates often display greater sensitivity and volatility than currencies in the G8 and other developed countries.

Revenue from operations of the projects that make up the Mmamabula Energy Complex is expected to be received in currencies that may not match the currencies in which a material portion of operating expenses and ongoing capital equipment replacement costs are expected to be incurred. Accordingly, foreign currency fluctuations may adversely affect CIC Energy's financial position and operating results. CIC Energy does not currently engage in foreign currency hedging activities for operational purposes or otherwise.

17. Outlook

CIC Energy's development of the MEC Coal Field is proceeding both with respect to the coal resources, and the projects that make up the Mmamabula Energy Complex.

With respect to the coal resources, CIC Energy has substantially completed its exploration drilling program and is currently defining which coal resources will be suitable for each of the Mmamabula Energy Project, the CTH Project

and the Export Coal Project, and investigating possible mining plans for the coal resources, in each case with the objective of maximizing the utilisation of the total resource. The primary focus in this regard is on the coal resources required for the Mmamabula Energy Project.

The Company is currently finalizing an EPC solution for the Mmamabula Energy Project. The Company expects to receive a detailed offer for a 1,200 MW (net) power station during the fourth quarter of calendar 2008, with the selection of an EPC contractor expected before the end of calendar 2008. The other major milestones to be achieved on the Mmamabula Energy Project are expected to be: completion of negotiations and execution of an EPC contract, completion of negotiations and execution of the PPAs with Eskom and BPC, completion and negotiations and execution of various documents with the Government of Botswana, issuance of an IPP Licence, mining licence and other licences and permits, completion of a bankable feasibility study, negotiation and execution of financing documents with the project lenders, satisfaction of the conditions precedent to the disbursement of funds and start of construction.

The CTH Project is being advanced through the completion of several initiatives including the value-chain study by Shell. The major milestones to be achieved over the next 12-24 months are: identification of preferred technology solutions, identification of preferred end products, identification of preferred markets and logistical solutions, identification of preferred investment partners, completion of environmental impact assessments and a bankable feasibility study.

The Export Coal Project is being advanced through with the completion of a prefeasibility study on mine, rail and port options during the year. The major milestones following completion of the prefeasibility study will be the preparation of a bankable feasibility study on the preferred mine, rail and port options, as identified in the prefeasibility study.

The ability of the Company to complete the projects that make up the Mmamabula Energy Complex is subject to various risks and uncertainties. Please see *Section 16: Risks* and *Section 18: Cautionary Statement Regarding Forward-Looking Statements* for further details.

18. Cautionary Statement Regarding Forward-Looking Statements

This Management's Discussion and Analysis contains certain "forward-looking statements". All statements, other than statements of historical fact, that address activities, events or developments that CIC Energy Corp. ("CIC Energy" or the "Company") believes, expects or anticipates will or may occur in the future are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of CIC Energy based on information currently available to CIC Energy. Such forward-looking statements include, among other things, statements relating to the Mmamabula Energy Project, the CTH Project and the Export Coal Project; statements with respect to estimates and/or assumptions in respect of mineral resources, mineral resource qualities, targets, future production, goals, scheduling, objectives and plans; and future economic, market and other conditions. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause the actual results to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company.

Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to: the failure of the Company to successfully complete a positive bankable feasibility study for the Mmamabula Energy Project, including failure to successfully conclude an EPC contract and/or PPAs; failure to complete, or delays in the completion of, positive feasibility and value-chain market studies on the CTH Project; failure to complete, or delays in the completion of, positive feasibility and market studies on the Export Coal Project, including a failure to develop a viable transportation solution to export coal; the grade, quality and recovery of coal which is mined varying from estimates (the mineral resource figures referred to herein are estimates and no assurances can be given that the

indicated levels of coal will be produced); inflation; changes in exchange rates; the ability to raise the required debt or equity financing for the implementation of the Mmamabula Energy Project, the CTH Project and/or the Export Coal Project on favourable terms or at all; Rand liquidity and constraints under applicable South African law and/or practice on the amount that a single lender is permitted to lend a single borrower; volatility of and sensitivity to market prices for coal and prices (market or otherwise) for electricity; changes in anticipated demand for power in southern Africa; changes in equity markets; capital and operating costs varying significantly from estimates; environmental and safety risks, including increased regulatory burdens; further delays in the development of the Mmamabula Energy Project, the CTH Project and/or the Export Coal Project caused by unavailability of equipment, labour or supplies, limited capacity among engineering, procurement and construction ("EPC") firms (and resulting less attractive EPC contract terms being made available), climatic conditions or otherwise; insufficient transportation and transmission capacity; dispatch risk; geological and mechanical conditions; delays or failures in obtaining regulatory permits and/or licences (and renewals thereof) respecting mining, power generation and/or power transmission lines and other transportation and industrial activities; the existence of undetected or unregistered interests or claims, whether in contract or tort, over the properties of the Company and its subsidiaries and joint venture companies; availability of water and sorbent; inability to enter into power purchase agreements and/or transmission agreements with Eskom Holdings Limited and/or Botswana Power Corporation or other requisite agreements, including preliminary and/or definitive fixed price contracts with reputable EPC firm(s) and other agreements required to facilitate the development, operation and financing of the Mmamabula Energy Project, on favourable terms or at all; inability to obtain tax concessions from the Government of Botswana; inability to obtain requisite credit support from the Government of South Africa and/or the Government of Botswana in relation to the Mmamabula Energy Project; failure to enter into technology, intellectual property licensing and other agreements required to develop the CTH Project; failure to enter into agreements, including export coal purchase agreements, required to develop the Export Coal Project; amendments to the laws of South Africa, Botswana or Namibia that may be prejudicial to the development of the Mmamabula Energy Project, the CTH Project and/or the Export Coal Project, or the failure to obtain amendments to any such laws that may be necessary to implement the Mmamabula Energy Project, the CTH Project and/or the Export Coal Project; political risks arising from operating in Africa; lack of markets for the Company's coal resources; or other factors (including development and operating risks).

Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, CIC Energy disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although CIC Energy believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

No assurances can be given that the levels of coal indicated by the current mineral resource estimates for the Mmamabula Energy Complex will be produced. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While CIC Energy believes that the current mineral resource estimates for the Mmamabula Energy Complex are well established, by their nature resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such estimates are inaccurate or are reduced in the future, this could have a material adverse impact on CIC Energy.

Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that mineral resources can be upgraded to mineral reserves.