

COAL INVESTMENT CORP.

**Unaudited Consolidated Financial Statements
for the three months ended February 28, 2006.**

These unaudited financial statements of Coal Investment Corp (“the Company”) have not been reviewed by the auditors of the Company. This notice is being provided in accordance with section 4.3(3)(a) of National Instrument 51-102 Continuous Disclosure Obligations.

Coal Investment Corp.

**Consolidated Balance Sheets
Expressed in Canadian Dollars**

		February 28 2006 (Unaudited)	November 30 2005 (Audited)
	Notes		
Assets			
Current assets			
Cash		\$ 14,195,921	\$ 5,547,954
Receivables		446,662	43,905
		<u>14,642,583</u>	<u>5,591,859</u>
Property, plant and equipment			
Plant and equipment	3	50,363	5,190
Exploration property	4	10,654,086	3,736,109
		<u>\$ 25,347,032</u>	<u>\$ 9,333,158</u>
Liabilities			
Current			
Accounts payable & accrued liabilities	6	\$ 4,645,294	\$ 1,547,052
Taxation		4,942	4,942
		<u>4,650,236</u>	<u>1,551,994</u>
Shareholders' equity			
Capital Stock	5	22,225,340	8,482,188
Deficit		(1,528,544)	(701,874)
Translation adjustment			960
		<u>20,696,796</u>	<u>7,781,164</u>
		<u>\$ 25,347,032</u>	<u>\$ 9,333,158</u>

See accompanying notes to the consolidated financial statements.

Coal Investment Corp.

**Consolidated Statements of Operations and Deficit
Expressed in Canadian Dollars**

		Three months ended February 28 2006 (Unaudited)
	Notes	
Income		
Interest income		\$ 12,163
Gain on foreign exchange		<u>121,648</u>
		<u>133,811</u>
Expenses		
Administrative costs		939,990
Amortization	3	<u>381</u>
		<u>940,371</u>
Net loss		(806,560)
Deficit, beginning of period.		(701,984)
Share issue costs		<u>(20,000)</u>
Deficit, end of period.		<u>\$ (1,528,544)</u>
Basic loss per share	10	\$ (0.03)

See accompanying notes to the consolidated financial statements.

Coal Investment Corp.

Consolidated Statements of Cash Flows
Expressed in Canadian Dollars

	Three months ended February 28 2006 (Unaudited)
Cash Flows from:	
Operating Activities	
Net loss	\$ (806,560)
Items not affecting cash:	
Amortisation	381
Gain on foreign exchange	(960)
Net operating working capital changes	2,695,485
	<u>1,888,346</u>
Investing Activities	
Property, plant and equipment	(45,554)
Exploration property	(4,622,835)
	<u>(4,668,389)</u>
Financing Activities	
Common shares issued	11,428,020
	<u>11,448,020</u>
Increase in cash for the period	8,647,967
Cash, beginning of the period	5,547,954
	<u>14,195,921</u>
Cash, end of the period	\$ 14,195,921

See accompanying notes to the consolidated financial statements.

Coal Investment Corp.

Notes to the unaudited consolidated financial statements for the three months ended February 28, 2006.

1. Nature of operations

Coal Investment Corp. ("CIC") was incorporated on March 10, 2005 under the International Business Companies Act in the Territory of The British Virgin Islands to engage in the acquisition, exploration, development and operation of coal properties in Botswana.

These consolidated financial statements for the three months ended February 28, 2006 comprise CIC and its wholly-owned subsidiaries, Meepong Resources (Proprietary) Limited ("MRPL") and Coal Investment Corp Services (Pty) Ltd, (together, the "Company").

2. Significant accounting policies

(a) General

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

(b) Basis of presentation

The financial statements are presented in Canadian dollars, the Company's functional currency. They are prepared on the historical cost basis, except for those financial instruments that are stated at fair value. The preparation of financial statements in conformity with GAAP requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(c) Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company transactions and balances are eliminated.

(d) Translation of foreign currencies

Transactions of foreign currencies is done at the foreign exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate in effect at that date. Foreign currency differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated at the historical exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the exchange rates in effect at the dates the fair value was determined.

Coal Investment Corp.

Notes to the unaudited consolidated financial statements for the three months ended February 28, 2006.

(e) Financial statements of foreign operations

The assets and liabilities of foreign operations including goodwill and fair value adjustments arising on consolidation are translated to Canadian dollars at exchange rates in effect at the balance sheet date. The revenues and expenses of foreign operations are translated to Canadian dollars at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange rate differences arising on retranslation are recognised directly as a separate component of equity.

(f) Property, plant and equipment

Property, plant and equipment, including furniture and equipment, is stated at cost less accumulated amortization and impairment losses. Amortization is charged on a straight-line basis over the estimated useful lives of each item of plant and equipment. The estimated useful lives of furniture is 5 years and equipment is 13 years.

(g) Exploration properties

Mineral exploration properties are stated at cost. Exploration expenditures, other than those of a general nature, relating to mineral properties in which an interest is retained, are capitalised and carried as an asset until the results of the projects are known. If a project is unsuccessful or exploration has ceased because continuation is not economically feasible, the cost of the property and the related exploration expenditure, are written off.

The Company considers its exploration costs to have the characteristics of property, plant, and equipment. As such, the Company capitalizes all exploration costs that result in the acquisition and retention of resource properties or an interest therein. The amounts shown for exploration properties represents costs to date and do not necessarily reflect present or future values. If the properties are sold, allowed to lapse or are no longer of interest, accumulated costs are written down. Once a project reaches commercial production, the exploration costs are amortized over the estimated useful life of the producing properties.

The recoverability of the carrying values of the property is dependent on the ability of the Company to obtain the necessary financing and permits to continue exploration, the establishment of economically recoverable reserves, future profitable production and/or proceeds from the disposition thereof.

(h) Receivables

Receivables are stated at their cost less impairments. Irrecoverable amounts are written off in the period in which they are identified.

(i) Impairment

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Coal Investment Corp.

Notes to the unaudited consolidated financial statements for the three months ended February 28, 2006.

(j) Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Liabilities related to environmental protection and rehabilitation costs are accrued and charged to income when the likelihood of occurrence is established. This includes future removal and site restoration costs as required due to environmental law or contracts.

(k) Accounts payable and accrued liabilities

These are stated at cost.

(l) Income taxes

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Future income taxes are provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable income, and differences relating to investments in subsidiaries to the extent they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A future tax asset is recognised only to the extent that it is more likely than not that future taxable income will be available against which the asset can be utilised. Future tax assets are reduced to the extent that it is no longer more likely than not that the related tax benefit will be realized.

(m) Loss per share

Loss per share is calculated based on the net loss for the period available for common shareholders divided by the weighted average number of shares outstanding for the period. Diluted loss per share is presented when the inclusion of shares that may be issued in the future has a dilutive effect on loss per share.

Coal Investment Corp.**Notes to the unaudited consolidated financial statements for the three months ended February 28, 2006.****3. Property, plant and equipment.**

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	
			<u>February 2006</u>	<u>November 2005</u>
Office furniture and equipment	\$51,220	\$857	\$50,363	\$5,190

4. Exploration property

CIC is engaged in the exploration, development and operation of two coal properties (Mmamabula East and Mmamabula South) located in the Mmamabula coalfield in south-eastern Botswana. The properties are held by CIC's wholly-owned Botswana subsidiary, Meepong Resources (Pty) Limited.

<u>Name Of Project</u>	<u>November 30, 2005</u>	<u>Additions</u>	<u>February 28, 2006</u>
Mmamabula	\$3,736,109	\$6,917,977	\$10,654,086

The Company is one of the applicants, together with Meepong Investments (Pty) Limited ("Meepong") and its shareholders, in an application before the Botswana High Court for a declaratory order confirming the enforceability in terms of the substantive agreements entered into during May 2005 between CIC, Meepong and its shareholders in connection with the further exploitation of the prospecting rights acquired by MRPL from Meepong. Such proceedings were initiated in response to a claim by the Highland Star Group ("HSG") that it allegedly acquired 80% of the shareholding interest in Meepong from its shareholders during November 2004. A decision by the Company whether to pursue such application, which was originally brought on an urgent basis but found by the Botswana High Court not to be urgent, is still pending. Dr John Herselman, one of the respondents who together with HSG was cited in those proceedings, has since also issued a summons against Meepong and its shareholders in the Botswana High Court in which he claims the right to acquire 25% of the shareholding interest in Meepong from its shareholders, as well as an order declaring valid the alleged agreement between Meepong, its shareholders and HSG. The summons action is opposed by Meepong and its shareholders. The claims by both HSG and Dr Herselman are considered by management to be without any substance or merit. Management believes that neither the action brought by Dr Herselman, nor any claim which may be brought by HSG in terms of its alleged agreement with Meepong and its shareholders, will be successful or otherwise negate the Company's rights to the Mmamabula coal project arising from its own agreement with Meepong and its shareholders.

Coal Investment Corp.
Notes to the unaudited consolidated financial statements for the three months ended February 28, 2006.

5. Shareholders' Equity.

(a) Share capital

The authorised capital of the Company consists of an unlimited number of common shares without par value.

	<u>Number</u>	<u>Amount</u>
Issue of shares at inception.	15,000,000	\$ 18,300
Issue of shares under private placement on:		
July 19, 2005	6,825,000	8,326,500
July 29, 2005	600,000	732,000
Share issue expenses		(594,612)
	<u>22,425,000</u>	<u>\$ 8,482,188</u>
Issue of shares to purchase the balance of 49% of MRPL on December 16, 2005	5,606,250	2,295,132
Issue of shares under private placement on February 13, 2006	2,666,666	11,448,020
	<u>30,697,916</u>	<u>\$ 22,225,340</u>

(b) Warrants

	<u>Warrants</u>	<u>Weighted average price</u>
Issue of warrants under private placement July 19, 2005	3,412,500	\$ 2.03
July 29, 2005	300,000	2.03
Brokers' warrants for above	482,625	1.16
February 13, 2006.	<u>1,333,333</u>	<u>6.90</u>
Balance February 28, 2006	<u>5,528,458</u>	<u>\$ 3.13</u>

Coal Investment Corp.**Notes to the unaudited consolidated financial statements for the three months ended February 28, 2006.**

Of the outstanding warrants, 482,625 entitle the holder to purchase one common share per warrant at the exercise price of US\$1.00 (CA\$2.03) per share, expire on July 21, 2007 and are exercisable at any time. Warrants of 3,712,500 entitle the holder to purchase one common share per warrant at the exercise price of US\$1.75 (CA\$1.16) per share. These warrants expire 36 months after the first day of trading following the listing on the Toronto Stock Exchange. Warrants of 1,333,333 entitle the holder to purchase one common share at C\$6.90 until March 23, 2007.

	February 28, 2006	November 30, 2005
6. Accounts payable and accrued liabilities		
Trade payables and accrued liabilities	\$2,004,177	\$1,547,052
Consideration due to original shareholders of MRPL.	2,621,117	-
	<u>\$4,625,294</u>	<u>\$1,547,052</u>

	February 28, 2006	November 30, 2005
7. Taxation expense		
(a) Recognised in the statement of operations and deficit		
Current tax expense	-	\$ 4,942
Current year – South Africa		
Total income tax expense recognised in the Statement of operations and deficit	<u>-</u>	<u>\$ 4,942</u>

(b) The Company's only tax asset relates to the prior year tax losses of \$914,438. No future Tax asset has been recognised in respect of these losses.

8. Related Party Transactions**(a) Transactions with related parties**

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

	February 28, 2006	November 30, 2005
Management and administrative service fees paid to Tau Capital Corp.	<u>\$ 80,864</u>	<u>\$ 137,464</u>
Consideration paid and accrued to original shareholders of MRPL.	<u>\$4,580,052</u>	<u>\$ 580,000</u>

Coal Investment Corp.

Notes to the unaudited consolidated financial statements for the three months ended February 28, 2006.

The \$4,580,052 is the total consideration paid to acquire 100% of MRPL from the original shareholders in terms of the Shareholders agreement. This amount includes the value of shares issued in CIC, as well as the balance payable reflected in Note 6

- (b) Transactions with directors
Directors' remuneration included in personnel expenses of \$48,370

9. Financial Instruments

Exposure to credit, interest rate and currency risks arise in the normal course of the Company's business.

- (a) Credit risk
Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all receivables. The Company does not require collateral in respect of financial assets.

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

- (b) Interest rate risk
Fluctuation in interest rates affect the value of short-term cash investments and financing activities, giving rise to interest rate risk. At the balance sheet date, there were no significant concentrations of interest rate risk.
- (c) Foreign currency risk
The Company is exposed to foreign currency risk on purchases and borrowings that are denominated in a currency other than Canadian dollars. The currencies giving rise to this risk are primarily South African rand, U.S. dollars and Botswana pula. The Company does not hedge its purchases. In respect of monetary assets and liabilities held in currencies other than the Canadian dollar, the Company endeavours to ensure that the exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.
- (d) Fair values
The carrying values of Receivables and Accounts payable and accrued liabilities equal the fair value.

10. Loss Per Share

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

	<u>2006</u>	<u>2005</u>
(a) Basic loss per share	<u>\$ (807,520)</u>	<u>\$ (701,984)</u>
Weighted average number of shares	<u>27,271,620</u>	<u>18,745,771</u>
Basic loss per share	\$ (0.03)	\$ (0.04)

Coal Investment Corp.

Notes to the unaudited consolidated financial statements for the three months ended February 28, 2006.

There is no dilution in loss per share as the effect of dilutive securities in issue would be anti-dilutive, as the Company recorded a loss for the period.

11. Risks

The Company is currently engaged in the development of a single substantial project involving the potential of establishing and operating a significant coal mine as well as the possibility of owning and operating one or more associated and integrated coal fired power plants. Due to the scale of operations envisaged by management, the Mmamabula Coal Project is dependent on the ability to either produce electricity from the coal mined, or sell coal to a power producer. Due to the envisaged size and scale of the project, management is of the view that the project is dependent on the ability to conclude a Power Purchase Agreement with South Africa's state owned utility, Eskom or alternatively to sell coal to a power producer who in turn has or is able to secure a PPA with Eskom or to sell coal to a power plant owned and operated by Eskom itself. In order to develop the Mmamabula Coal Project to its maximum potential without a Power Purchase Agreement with Eskom, the Independent Power Producer purchasing the coal must have a Power Purchase Agreement with Eskom; otherwise the scope of the mining operations will be significantly smaller. While other potential power purchasers exist in the region, Eskom is the only potential power purchaser in the region that would have the capacity to acquire all the power produced directly or indirectly by the Mmamabula Coal Project and consequently the success of the project and, in turn, the Company is dependent on the ability to conclude a Power purchase Agreement with Eskom.

The ability to generate power and sell the power to Eskom or alternatively to produce coal and sell such coal to an Independent Power Producer is dependent on factors beyond the control of the Company, including but not limited to, the price and volume of either coal or power produced and the targeted commercialization date. Anything which adversely affects price and volume (of either coal or power) and the targeted commercialization date could adversely affect the business, financial condition or results of operations of the Company.

The Company is subject to a number of risk factors due to the nature of the exploration business in which it is engaged and the following factors should be considered, among others:

The exploration for coal deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation.

The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of coal including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

Although the company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with the Company's exploration activities.

Coal Investment Corp.

Notes to the unaudited consolidated financial statements for the three months ended February 28, 2006.

All phases of the Company's operations are subject to environmental regulation which is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies.

Government approvals and permits are required in connection with the Company's exploration activities. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and result of operations.

The acquisition of title to minerals properties is a very detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. Although the Company believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impaired. The construction of mining facilities and commencement of mining operations, will require substantial additional financing. Failure to obtain sufficient financing will result in a delay or indefinite postponement of exploration, development or production on the Company's two properties or even a loss of a property interest. Additional financing may not be available when needed or if available, the terms of such financing might not be favourable to the Company.

The Company is one of the applicants, together with Meepong Investments (Pty) Limited ("Meepong") and its shareholders, in an application before the Botswana High Court for a declaratory order confirming the enforceability in terms of the substantive agreements entered into during May 2005 between CIC, Meepong and its shareholders in connection with the further exploitation of the prospecting rights acquired by MRPL from Meepong. Such proceedings were initiated in response to a claim by the Highland Star Group ("HSG") that it allegedly acquired 80% of the shareholding interest in Meepong from its shareholders during November 2004. A decision by the Company whether to pursue such application, which was originally brought on an urgent basis but found by the Botswana High Court not to be urgent, is still pending. Dr John Herselman, one of the respondents who together with HSG was cited in those proceedings, has since also issued a summons against Meepong and its shareholders in the Botswana High Court in which he claims the right to acquire 25% of the shareholding interest in Meepong from its shareholders, as well as an order declaring valid the alleged agreement between Meepong, its shareholders and HSG. The summons action is opposed by Meepong and its shareholders. The claims by both HSG and Dr Herselman are considered by management to be without any substance or merit. Management believes that neither the action brought by Dr Herselman, nor any claim which may be brought by HSG in terms of its alleged agreement with Meepong and its shareholders, will be successful or otherwise negate the Company's rights to the Mmamabula coal project arising from its own agreement with Meepong and its shareholders.

Coal Investment Corp.

Notes to the unaudited consolidated financial statements for the three months ended February 28, 2006.

12. Subsequent Events

On March 13, 2006, the Company completed a brokered private placement of 7,652,200 subscription receipts at a price of \$6.90 per subscription receipt. Each subscription receipt entitled the holder thereof to receive without payment of any additional consideration one CIC common share.

On March 17, 2006 CIC and Consolidated Ophir Ventures Inc. (“Ophir”) completed their merger under the laws of the British Virgin Islands pursuant to a Plan of Consolidation resulting in the creation of a newly merged company, CIC Energy Corp. The properties and assets of CIC became the properties and assets of CIC Energy Corp. which will carry on the business of CIC.

On March 23, 2006, the Company commenced trading its shares on the Toronto Stock Exchange.

Coal Investment Corp.
Notes to the unaudited consolidated financial statements for the three months ended February 28, 2006.

Directors

Name

Sandra Cowan
Frank Crothers
Mandla Gantsho
Reuel Khoza - Chairman
Greg Kinross
Len Konar
Blackie Marole
Elvidge Mhlauli
Warren Newfield - Co-Chairman

Management

Gregory Stephen Kinross, CEO
Francois Badenhorst, COO
Sue Myburgh, CFO

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