Canadian Imperial Venture Corp.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Quarter Ended February 29, 2012

This management discussion and analysis ("MD&A") prepared as of May 29, 2012 is a review of the operational and financial results of Canadian Imperial Venture Corp. (the "Company" / "CIVC") based upon with International Financial Reporting Standard ("IFRS") 1, "First-time Adoption of International Financial Reporting Standards", and with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board. Previously, the Company prepared its Interim and Annual Financial Statements in accordance with Canadian generally accepted accounting principles. The focus is primarily a comparison of the operational and financial performance for the three months ended February 29, 2012 and February 28, 2011 and should be read in conjunction with the audited statements for the years ended November 30, 2011 and 2010 (available on SEDAR at www.sedar.com).

FORWARD LOOKING STATEMENTS

Statements throughout this report that are not historical facts may be considered "forward-looking statements". These forward-looking statements sometimes address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, funding from other sources, statements regarding exploration results, resource estimates, future production and the Company's exploration and development plans and objectives). These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realised or substantially realised, 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, among other things, failure to establish estimated oil and gas reserves, failure to establish estimated mineral reserves, the possibility that future exploration results will not be consistent with the Company's expectations, uncertainties relating to the availability and costs of financing needed in the future, changes in commodity prices, changes in equity markets, political developments, the uncertainties involved in interpreting exploration results and other geological data, and the other risks involved in the resources industry.

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, the Company 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 the Company 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.

REVIEW OF AUDITED FINANCIAL STATEMENTS

As stated above, the financial statements for the three months ended February 29, 2012 have been prepared in accordance with IFRS.

The financial statements of the Company have been prepared by and are the responsibility of the Company and its Management. The interim financial statements have been reviewed and approved by the members of the audit committee and the Board of Directors. The Company's auditors have not reviewed the interim MD&A and interim financial statements.

OIL AND GAS PROPERTIES AND RESULTS OF OPERATIONS

Lands Sold During 2011 – Exploration Licence 1070 / Exploration Licence 1120 – Western Newfoundland

On October 25, 2011, the Company announced that at its Annual and Special General Meeting held on October 24, 2011, it had received shareholder approval for the purchase and sale agreement (the "Agreement") dated for reference September 23, 2011, between the Company and Shoal Point Energy Ltd. ("Shoal Point"), pursuant to which, the Company sold its working interests in offshore exploration licence #1070, its rights to participate in a farmout arrangement relating to offshore exploration licence #1120 and its interest in an Area of Mutual Interest Agreement with Shoal Point (collectively, the "Transaction"). The lands are located in Western Newfoundland covering the Port au Port Bay.

The Company also announced the closing of the Transaction, which took place October 25, 2011 (the "Closing Date"). Pursuant to the Agreement, the Company acquired 20,000,000 units (the "Units") of Shoal Point. Each Unit is comprised of one common share (each an "Acquired Common Share") and one-half of one common share purchase warrant (each whole such warrant, an "Acquired Warrant") of Shoal Point. Each Acquired Warrant is exercisable to acquire an additional common share of Shoal Point at an exercise price of $0.40 per share for a period of two years from the Closing Date.

Shoal Point also paid to the Company $300,000 in cash on the Closing Date, and has agreed to pay an additional $200,000 (the "Final Cash Payment") on the date that is six months after the Closing Date. At November 30, 2011, 1 million shares of SPE were held in escrow in the event the final payment was not received. Subsequent to year end, the $200,000 was received from SPE and the shares were released from escrow. Concurrent with the sale, all outstanding debt between SPE and CIVC relating to certain drilling activities was extinguished on the transaction closing.

Gross Overriding Royalty Currently Held: Petroleum Permit Nos. 03-101 (Portland Creek) and 03-103 (Parson's Pond)

Gross Overriding Royalty:

- Canadian Imperial Venture Corp. 1.5%

On September 10, 2009, the Company announced that it had entered into an agreement with Tectonics Inc. of Calgary, Alberta, to acquire a 1.5% Gross Overriding Royalty on Petroleum Permit No. 03-101 (Portland Creek) and No. 03-103 (Parson's Pond) onshore Western Newfoundland.

On August 7, 2009, Nalcor Energy announced that it had acquired an average 67% working interest in three exploration permits, including the above-mentioned permits No. 03-101 and No. 03-103.

Should Nalcor be successful in establishing production, CIVC is entitled to receive a 1.5% gross royalty on all production from permits 03-101 and 03-103, which royalty may be taken in cash or in kind. CIVC has no further financial obligations in the exploration and development of the permits, beyond the acquisition cost of the royalty.

In 2010, Nalcor has drilled two wells in a planned three well program and suspended operations pending a review of the two wells drilled. The two wells that were drilled by Nalcor encountered natural gas.

MINERAL PROPERTIES AND RESULTS OF OPERATIONS

Little Bear Lake, Manitoba

On February 2, 2012, the Company announced that it had entered into an arm's length letter of intent (the "LOI") with Carina Energy Inc. ("Carina"), a private mining exploration company based in Toronto, Ontario, whereby CIVC will acquire all of the issued and outstanding securities of Carina (the "Acquisition").

On March 28, 2012 the parties entered a new agreement whereby CIVC proposes to farm-in to the Little Bear Lake Property (the "Property") of Carina to earn a 55% working interest in the Property. It is proposed the Company will deliver to Carina 6 million shares on the closing date and on the first anniversary of the closing date the Company will deliver an additional 5 million shares to Carina. The Company would be required to spend $600,000 of expenditures on the property within two years of the closing date and would be responsible for certain obligations which are anticipated to be $320,000 payable in cash and in CIVC shares. The letter of intent is subject to, among other things, acquisition of a strategic claim, execution of a definitive joint venture or farm in agreement and receipt of all requisite regulatory approvals including the TSX Venture Exchange.

CIVC is planning a systematic exploration program to evaluate and develop the gold potential of the property. The program will include: satellite lineament study, line cutting, ground gradient magnetic and VLF surveys, geological mapping, prospecting and diamond drilling. CIVC will also assume Carina's obligations under the original earning agreement on the Little Bear Lake properties where Carina must pay $70,000 by May 12, 2012 or on Closing whichever comes first; $150,000 by November 12, 2012; $50,000 on November 2013; and $50,000 on November 2014 for a total of $320,000 over a two year period. These payments can be made in cash and in shares as indicated above

Carina's principal property is the Little Bear Lake claim block in eastern Manitoba, consisting of 17 claims or 2149 hectares, in which it is currently earning a 100% interest.

Here, numerous high grade gold veins have been trenched and sampled over several decades, and grades from grab samples commonly show 1 to 5 oz gold/tonne, and range up to 11 oz gold/tonne. Carina's geological team has applied modern exploration methods and concepts to recognize that the gold-bearing lode veins occur in a stratigraphic horizon that extends for at least 8000 metres along strike, at a width of several hundred metres.

Carina Energy has completed reconnaissance, geological mapping, prospecting, and a 2010 drill program totalling 1,679 m on the Treasure Vein. Highlights of 2011 prospecting and sampling, which duplicated historical results include:

Location and Vein Name	**Grab Sample Grades (g Au/T)**
Jet Vein Ore Dump	259, 110
Jet Vein	183, 62.2, 33.3
Silver Fox Vein	64
Treasure Vein East	63
Gold Pan Vein	155
Rush Vein	64

Initial shallow drilling of 12 holes on the Treasure Vein encountered numerous intersections of gold grades greater than 0.5 g Au/T, with the best results as follows:

Drill Hole	**from (m)**	**to (m)**	**Intersection Width (m)**	**Gold Grade g Au/T**
CE10-10	40.4	60.7	20.3	0.741
including	55.7	59.9	4.2	3.26
	57.1	57.9	0.80	9.20
CE10-12	63.0	66.5	3.5	2.504

Drilling of the Treasure Vein has shown 1) existence of gold in wall-rock to high-grade veins; 2) a systematic increase in grade, from east to west and 3) intersections with grades and widths, which in analogous geological environments (Goldex "GZ" deposit, Val d'Or; Hammond Reef in the Marmion batholith, and min-es in the Bourlamaque batholith, Val d'Or) are amenable to open pit mining.

CIVC is planning a systematic exploration program to evaluate and develop the gold potential of the property. The program will include: satellite lineament study, line cutting, ground gradient magnetic and VLF surveys, geological mapping, prospecting and diamond drilling. CIVC will also assume Carina's obligations under the earning agreement on the Little Bear Lake properties where Carina must pay $5,000 by March

12, 2012; $70,000 by May 12, 2012 or on Closing whichever comes first; and $150,000 by November 12, 2012.

The Carina deal allows CIVC to benefit from the addition of experienced Carina consultants and key contractors, including Mr. Bill Love, President of Carina, with over 28 years in the industry, and Dr. Ulrich Kretschmar, who has 30 years experience as a gold exploration geologist.

Qualified Person, Verification, Quality Control and Assurance

Samples of drill core were saw cut, with half the cut core placed in individual sealed bags and half placed back in the original core box for permanent storage. Drill core and grab samples were delivered directly by Carina Energy personnel to the Cattarello Assay lab in Timmins where gold was determined by fire assay fusion with Atomic Absorption Spectroscopy (AAS) finish.

Dr. Ulrich Kretschmar, President of Golden Scarab Corporation and a Qualified Person as defined by Canadian National Instrument 43-101, has reviewed the information contained in this news release and has verified the analytical data for samples disclosed in this release by reviewing the blanks, duplicates and certified reference material that the Company inserted into the sample stream and confirming that they fall within limits determined as acceptable by industry practice.

Odd Twins, Newfoundland

On October 1, 2010, the Company entered into an agreement with Tectonics Inc. of Calgary, Alberta to earn a 40% interest in Mineral License 016508M, which comprises 68 mineral claims (1700 hectares) and 40% interest in Mineral License 018387M, which comprises of 3 mineral claims (75 hectares) on Long Point and extending offshore immediately west of Long Point on the Port au Port Peninsula, in Western Newfoundland ("Option #1"). The purchase was made through the expenditure of $210,000 on the exploration of the property, issuance of 3,000,000 common shares of the Company and the granting of a 2% Net Smelter Royalty on production from the earned interest. On December 29, 2010, the Company received earning acknowledgment for its 40% working interest in the two mineral licenses per the agreement dated October 1, 2010.

Note: Mineral Licenses 016508M and 018387 have lapsed.

FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDED FEBRUARY 29, 2012

The Company is primarily in the exploration phase.

Working Capital - As at February 29, 2012, the Company had working capital of $8,640,262 compared to a working capital of $449,189 as of February 28, 2011.

Current Assets – Current assets at February 29, 2012 totaled $8,972,959 compared to $666,367 as at February 28, 2011. This balance is comprised of cash, accounts receivable, reclamation deposit, prepaid expenses and investment. The increase in current assets is due to the investment acquired from sale of petroleum and natural gas

properties during the prior year. Trade receivables remained consistent between February 29, 2012 and February 28, 2011.

Petroleum and Natural Gas Exploration and Evaluation Assets – The Company currently holds no petroleum and natural gas exploration and evaluation assets with a recorded value of $nil (2011 - $179,711). The following schedule summarizes the changes in petroleum and natural gas properties during the period:

Petroleum and Natural Gas Exploration and Evaluation Assets, November 30, 2011	**$ Nil**
Costs capitalized in the year	-
Impairment	-
Petroleum and Natural Gas Exploration and Evaluation Assets, February 29, 2012	**$ Nil**

Additional information on petroleum and natural gas exploration and evaluation assets are included in the annual financial statements.

Mineral Exploration and Evaluation Assets – The Company currently holds no mineral exploration properties with a recorded value of $nil (2011 - $480,000). The following schedule summarizes the changes in mineral exploration properties during the period:

Mineral Exploration and Evaluation Assets, November 30, 2011	**$ Nil**
Costs capitalized in the year	-
Impairment	-
Mineral Exploration and Evaluation Assets, February 29, 2012	**$ Nil**

Additional information on mineral exploration and exploration assets is included in the annual financial statements.

Reclamation Deposits – As at February 29, 2012 the Company had property deposits of $55,708 (2011 - $55,143). Deposits at February 29, 2012 are held with the Energy Resources Conservation Board.

Current Liabilities – Current liabilities increased from $217,178, at February 28, 2011 to $332,697 at February 29, 2012. The balance at February 29, 2012 represents normal trade payables and the increase is a result of timing.

General and Administrative - General and Administrative expenses decreased from $189,561 at February 28, 2011 to $123,553 for the year ended February 29, 2012. General and administrative expenses include the following material components for the twelve months ended February 29, 2012 and February 28, 2011:

	2012	**2011**
	$	$
Office and shareholder information	21,164	24,303
Professional and filing fees	20,726	50,220
Promotion and travel	14,497	31,718

Service contracts and wages	67,166	83,320

The decrease in professional and filing fees, promotion and travel and service contracts and wages are due to the fact that the Company has focused its efforts in one sector namely mineral resources and one geographic location. Office and shareholder information have remained consistent during the year.

Share Based Payments – During the quarter ended February 29, 2012 the Company recorded stock based compensation expense of $5,392 (2011 - $2,876). This relates to 5,000,000 stock options for common shares issued on September 30, 2011 to an investor relations consultant which vests in equal amounts on the third, sixth, ninth and twelfth month anniversary of the grant date. The exercise price is $0.10 per share and these options expire on March 31, 2013. Further information on the Company's stock option plan agreement can be found in the 'Incentive Share Option Plan' section of this document and in the notes to the financial statements for November 30, 2011 and November 30, 2010.

Asset Retirement Obligations – During the period, the Company incurred asset retirement obligations of $nil (2011 - $nil). During the period, $2,342 (2011 - $nil) liabilities were settled. The expected cash flow required to settle the obligation at quarter end is $3,195 (2011 - $5,537).

Private Placement Financing – There were no private placement obtained during the quarter ended February 29, 2012 (2011 – nil).

Selected Quarterly Information

	Feb. 29, 2012	Feb. 28, 2011	Feb. 28, 2010
	$	**$**	**$**
Total Revenue	**5,663,084**	156	4,208
Net Income (Loss)	**5,532,647**	(196,897)	(958,245)
Basic and Diluted Income (Loss) per Share	**0.01**	(0.0004)	(0.002)
Total Assets	**8,978,612**	1,331,628	764,650
Total Long-term Liabilities	**-**	-	33,110

The increase in total revenue from 2010 is a result of the fair value gains on the held for trading investment which is also consistent with the increase in total assets and net income.

Summary of Quarterly Results

For The Four Quarters Ended				
	Feb. 29/12	**Nov. 30/11**	**Aug. 31/11**	**May 31/11**
Revenue (including other income)	$5,663,084	$3,173,836	$1,038	$150
Net Income (loss)	5,532,647	2,211,912	(386,161)	(413,254)
Income (loss) per Share (basic and diluted)		Nil	(0.001)	(0.0015)

	Feb. 28/11	Nov. 30/10	Aug. 31/10	May 31/10
Revenue (including other income)	$156	$14,109	$81	$79
Net Income (loss)	(196,897)	15,156	(204,115)	(287,751)
Loss per Share	(0.0004)	0.00003	(0.0004)	(0.002)

Revenues have been consistent except in the 4th quarter 2011 due to gain on sale of property and the first quarter 2012 due to fair value gains on held for trading investment. Net losses for the other quarters increased and or decreased due to the issuance of stock options in that quarter. The balance of the expenses is for accounting, audit and professional fees and normal operating expenditures.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

Share Capital Outstanding

Authorized share capital as at February 29, 2012: Unlimited.

Issued and outstanding share capital as at February 29, 2012: A total of 513,588,361 common voting shares and 51,000,000 warrants have been issued at a recorded value of $13,833,659.

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Incentive Share Option Plan

At the 2006 Annual General Meeting the Company's incentive share option plan was replaced with a rolling stock option plan under which options to purchase common shares of the Company may be granted to directors, officers, employees and consultants of the Company.

Options granted must expire no later than a maximum of five years from the date of the grant while the Company's common shares are listed in Tier 2 of the TSX.V. At such time as the Company's common shares are listed in Tier 1 of the TSX.V or the Toronto Stock Exchange (TSX), options granted must expire no later than a maximum of 10 years from the date of grant.

Terms of the Plan are as follows:

1. The number of common shares which may be issued pursuant to options previously granted and those granted under the Plan is a maximum of 10% of the issued and outstanding common shares at the time of the grant.

2. The number of shares which may be awarded to any one individual may not exceed 5% of the issued shares at the date of grant and the total number of options awarded to any consultant shall not exceed 2% of the issued and outstanding common shares at the time of the grant.

3. The total number of options awarded to all persons employed by the Company who perform investor relations activities shall not exceed 2% of the issued and outstanding shares of the Company in any twelve month period.

4. Under TSX Venture Exchange policy all such rolling stock option plans which set the number of common shares issuable under the plan at a maximum of 10% of the issued and outstanding common shares must be approved and ratified by shareholders on an annual basis.

5. The Plan does not require vesting provisions for options issued except in limited circumstances.

Options, Warrants and Convertible Securities Outstanding as at February 29, 2012:

Options:

Name	Securities Under Options Granted (#)	Exercise or Base Price ($/Security)	Date of Grant	Expiration Date
Gerard M. Edwards	2,550,000	$0.10	May 2, 2011	May 2, 2016
	3,300,000	$0.10	Dec. 14, 2009	Dec. 14, 2014
	2,000,000	$0.10	March 3, 2008	March 3, 2013
	2,333,333	$0.10	Sept. 11, 2007	Sept. 11, 2012
Tina Ricketts	2,550,000	$0.10	May 2, 2011	May 2, 2016
	1,300,000	$0.10	Dec. 14, 2009	Dec. 14, 2014
	1,000,000	$0.10	March 3, 2008	March 3, 2013
	350,000	$0.10	Sept. 11, 2007	Sept. 11, 2012
Robert G. Smiley	1,500,000	$0.10	May 2, 2011	May 2, 2016
	1,600,000	$0.10	Dec. 14, 2009	Dec. 14, 2014
	1,000,000	$0.10	March 3, 2008	March 3, 2013
	1,125,000	$0.10	Sept. 11, 2007	Sept. 11, 2012
Jerome Byrne	1,500,000	$0.10	May 2, 2011	May 2, 2016
	1,600,000	$0.10	Dec. 14, 2009	Dec. 14, 2014
	1,000,000	$0.10	March 3, 2008	March 3, 2013
Sam Walters	300,000	$0.10	June 17, 2011	June 17, 2016
Employees / Consultants	5,000,000	$0.10	Sept. 30, 2011	Mar. 31, 2013
	3,600,000	$0.10	June 17, 2011	June 17, 2016
	1,000,000	$0.10	May 2, 2011	May 2, 2016
	7,700,000	$0.10	Dec. 14, 2009	Dec. 14, 2014
	4,000,000	$0.10	March 3, 2008	March 3, 2013
	4,666,666	$0.10	Sept. 11, 2007	Sept. 11, 2012

On February 27, 2011, the Company entered into a consulting agreement for investor relation services. Under this agreement, the Company pays $2,500 per month. The Company will also allocate 5,000,000 stock options at a price of $0.10. These stock options were issued on September 30, 2011 and will vest in accordance with the stock option plan and option agreement between the Company and the policies of the TSX Venture Exchange.

Share Purchase Warrants*:*

As at February 29, 2012, there were:

Number	Exercise Price	Expiry Date
	$	
14,000,000	0.10	July 30, 2012
5,750,000	0.10	August 23, 2012
1,250,000	0.10	September 7, 2012
10,500,000	0.10	October 13, 2012
11,500,000	0.10	October 29, 2012
8,000,000	0.10	November 12, 2012
51,000,000		

Business Risks and Uncertainties

The mineral and oil and natural gas industries inherently have many risks associated with them. The risks can be summarized in terms of economic, financial, cost of capital and environmental risk. Economic risk is the risk of finding and producing reserves at a cost, which produces an economic return. Financial risk consists of marketing production at a reasonable price given market conditions. Cost of capital is the risk associated with the Company's ability to obtain capital to fund its activities at a reasonable cost. Finally, environmental risk is the risk of carrying out operations with potential for adverse impact upon the environment. The Company has also put in place a business strategy to mitigate these risks.

The Company prepares its reserve estimates in accordance with National Instruments 51-101 and 43-101. Estimates are reviewed and revised as appropriate. Revisions occur as a result of changes in prices, costs, fiscal regimes, reservoir performance or a change in the Company plans. Management is required to make judgments, assumptions and estimates in the application of generally accepted accounting principles that have a significant impact on the financial results of the Company.

Liquidity

The Company is in the process of exploring its resource properties and has not determined whether these properties contain economically recoverable reserves. Continuance of this exploration process is dependant on the Company to obtain necessary financing for property development and exploration expenditures. Primarily, the Company obtains funds through the issuance of equity instruments, and to a lesser degree, proceeds from disposition of certain petroleum and natural gas and mineral exploration and evaluation assets. Management of the Company has estimated that it has adequate funds from existing working capital, joint venture arrangements and proceeds from the subsequent disposition of certain petroleum and natural gas and mineral property interests to meet its corporate, administrative and property obligations for the coming year.

Accounting Changes including Initial Adoption

International Financial Reporting Standards
In February 2008 the Accounting Standards Board confirmed that International Financial Reporting Standards (IFRS) will replace Canadian GAAP for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. The Company has adopted IFRS commencing December 1, 2011, using a transition date of December 1, 2010. The financial statements for the three months ended February 29, 201, including required comparative information, have been prepared in accordance with IFRS 1, "First-time Adoption of International Financial Reporting Standards" and with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board. Previously, the company prepared its interim and Annual Financial Statements in accordance with Canadian generally accepted accounting principles ("GAAP"). Unless otherwise noted, 2011 comparative information has been prepared in accordance with IFRS.

IFRS 1 requires the presentation of comparative information as of December 1, 2010 transition date and subsequent comparative periods. To assist with the transition, the provisions of IFRS 1 allow for certain mandatory and optional exemptions for first-time adopters to alleviate the retrospective application of all IFRSs. The main exemption taken by the Company at December 1, 2010 is that business combinations entered into prior to December 1, 2010 were not retrospectively restated under IFRS.

The adoption of IFRS has not had a significant impact on the Company's operations.

The Company's IFRS accounting policies are provided in Note 3 to the Condensed Interim Financial Statements. In addition, Note 18 presents reconciliations between the Company's 2011 previous GAAP results and the 2011 IFRS results.

The following provides summary reconciliations of the Company's 2011 previous GAAP and IFRS results, along with a discussion for the significant accounting policy changes.

Summary Net Earnings Reconcilation					
	2011				
	Annual	**Q4**	**Q3**	**Q2**	**Q1**
Net Earnings – Previous GAAP	$1,215,600	$2,211,912	$(386,161)	$(413,254)	$(196,897)
(Additions)/deduction:					
Stock based compensation	4,441	4,441	-	-	-
Net Earnings - IFRS	$1,211,159	$2,207,471	$(386,161)	$(413,254)	$(196,897)

The following disclosure explains the significant differences between the Company's previous GAAP accounting policies and those applied by the Company under IFRS.

Share Capital
Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Flow-through Shares
The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Share-based Payments
Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Critical Accounting Estimates

Impairment

The Company applies a ceiling test to the capitalized cost of its petroleum and natural gas properties to ensure that the net carrying value does not exceed the estimated value of future net revenues from estimated production or proven properties using prices and costs in effect at the Company's year end, less administrative, financing, site restoration and abandonment and income tax expenses, plus the cost of unproven properties. Any reduction in the net carrying value of petroleum and natural gas properties as a result of the ceiling test is charged to operations in the period that the impairment is identified.

The Company periodically reviews the costs associated with undeveloped properties to determine whether the costs will be recoverable. If the results of the review indicate impairment has occurred, the cost of the property or the amount of the impairment is added to the capitalized costs subject to the "ceiling test" and depletion and depreciation.

Investment

The Company is classifying the Investment as Held-for-trading. Held-for-trading instruments are measured initially and subsequently at fair value. There are both shares and warrants included in this investment. Since these shares have a four month restriction period the Company is therefore required to discount the estimate fair market value of the shares using the Black Scholes put pricing model. The warrant fair value is estimated using the Black-Scholes option model.

Rehabilitation Provision

The Company follows the current recommendations of the Canadian Institute of Chartered Accountants on accounting for asset retirement obligations. The standard requires that the fair value of an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The present value of the estimated asset retirement cost is capitalized as part of the carrying amount of the long lived asset. The depreciation of the capitalized asset retirement cost will be determined on a basis consistent with depreciation, depletion and amortization of the long lived asset. With the passage of time, accretion will increase the carrying amount of the asset retirement obligation.

Other
The Company is required to estimate the fair market value of stock-based compensation. This estimate of fair value is determined using the Black-Scholes option model and stock-based compensation is recorded in accordance with the vesting periods of the Company's stock option plan.

Financial Instruments

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to commodity price risk, credit risk, liquidity risk, market risk and interest rate risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

a. *Credit risk*

Credit risk is the risk that a customer or counterparty will fail to perform an obligation or fail to pay amounts due causing a financial loss. The Company's current period accounts receivable are solely with Canada Revenue Agency and hence credit risk is mitigated. The Company's reclamation deposit is also subject to credit risk. The Company maintains its cash balance with two major national financial institutions. The investment held by the Company is in one company who operates in the oil and gas industry. The Company is exposed to the risks of this investee and the industry in which it operates.

The maximum credit risk at the yearend is represented by the recognized carrying amounts. Past due amounts included in accounts receivable at year end was $9,652 (2011 - $35,365).

b. *Liquidity risk*

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

To facilitate its expenditure program, the Company may enter into oil and gas as well as mineral property option agreements with third parties and/or raise funds through private equity placements or public offerings.

The Company is subject to liquidity risk given its accumulated deficit. If the Company is unable to obtain adequate additional financing by raising funds through private placements or through option agreement farm-outs, the Company will be required to curtail operations, exploration and development activities. As at February 29, 2012 and 2011, the Company's financial liabilities were comprised of accounts payable and accrued liabilities which have either contractual or expected maturities of less than one year.

c. *Market risk*

The carrying amounts of financial instruments consisting of cash, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to their short-term nature. The carrying value of investment is equal to fair value as its carrying value is based on quoted prices in an active market.

i. Commodity price risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas and minerals are impacted by world economic events that dictate the levels of supply and demand as well as foreign exchange rates. As the Company has not yet developed commercial oil and gas and mineral interests, it is not exposed to commodity price risk at this time

ii. Equity price risk

The fair value of the Company's investment in equity instruments is subject to fluctuations in the quoted market price from which its fair value is derived. A 10% decrease in the quoted price of the shares underlying the investment would decrease income by approximately $300,000. A corresponding increase would have an equal and opposite effect.

The Company is required to classify financial instruments measured at fair value using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data.

The fair value of current financial assets and liabilities, except as described, are classified as level 1 and the investment is classified as level 2.

TRANSACTIONS WITH RELATED PARTIES

Except as disclosed elsewhere, the Company had the following related party transactions:

a. During the period the Company was charged management fees aggregating $36,000 (2011 - $66,000), included in general and administration expense, to corporations which are controlled by officers and directors of the Company.

b. Included in accounts payable is $123,402 (2011 - $12,987) to directors of the Company, and parties related to them, for unpaid management fees and the reimbursement of business expenses.

All related party transactions occurred in the normal course of operations and have been measured at the agreed to exchange amounts.

COMMITMENTS

a. Under a management agreement with a company controlled by a Director of the Company, the Company is committed to the payment of management fees of $12,000 per month respectively until February 2014.

b. Under a rental agreement with a third party, the Company is committed to the payment of a monthly rental fee of $4,500 per month until April 14, 2013.

SUBSEQUENT EVENTS

On February 2, 2012, the Company announced that it had entered into an arm's length letter of intent (the "LOI") with Carina Energy Inc. ("Carina"), a private mining exploration company based in Toronto, Ontario, whereby CIVC will acquire all of the issued and outstanding securities of Carina (the "Acquisition").

On March 28, 2012 the parties entered a new agreement whereby CIVC proposes to farm-in to the Little Bear Lake Property (the "Property") of Carina to earn a 55% working interest in the Property. It is proposed the Company will deliver to Carina 6 million shares on the closing date and on the first anniversary of the closing date the Company will deliver an additional 5 million shares to Carina. The Company would be required to spend $600,000 of expenditures on the property within two years of the closing date and would be responsible for certain obligations which are anticipated to be $320,000 payable in cash and in CIVC shares. The letter of intent is subject to, among other things, acquisition of a strategic claim, execution of a definitive joint venture or farm in agreement and receipt of all requisite regulatory approvals including the TSX Venture Exchange.

CIVC is planning a systematic exploration program to evaluate and develop the gold potential of the property. The program will include: satellite lineament study, line cutting, ground gradient magnetic and VLF surveys, geological mapping, prospecting and diamond drilling. CIVC will also assume Carina's obligations under the original earning agreement on the Little Bear Lake properties where Carina must pay $70,000 by May 12, 2012 or on Closing whichever comes first; $150,000 by November 12, 2012; $50,000 on November 2013; and $50,000 on November 2014 for a total of $320,000 over a two year period. These payments can be made in cash and in shares as indicated above.