Canadian Imperial Venture Corp.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Quarter Ended August 31, 2012

This management discussion and analysis ("MD&A") prepared as of October 24, 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 nine months ended August 31, 2012 and August 31, 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 nine months ended August 31, 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. ("SPE"), 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 SPE (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 SPE. 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 SPE. Each Acquired Warrant is exercisable to acquire an additional common share of SPE at an exercise price of $0.40 per share for a period of two years from the Closing Date.

SPE 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.

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 would acquire all of the issued and outstanding securities of Carina (the "Acquisition").

On March 30, 2012, the Company announced that the parties had entered into a new agreement whereby CIVC proposed to farm-in to the Little Bear Lake Property (the "Property") of Carina.

On September 26, 2012, the Company announced the execution of the option agreement (the "Option Agreement") previously announced on March 30, 2012 among CIVC, Carina Energy Inc. and Ozias Theriault ("Theriault") whereby the Company was granted an option by Carina and Theriault to acquire a 55% interest in the Little Bear Lake gold property which is located in the Lac du Bonnet Mining Division in Manitoba. The Option Agreement has now received TSX Venture Exchange acceptance.

Pursuant to the terms of the Option Agreement:

- The Company has issued to Carina 6 million shares on September 24, 2012 (the "Closing Date") and on the first anniversary of the Closing Date (September 24, 2013) the Company will deliver an additional 5 million shares to Carina.

- The Company is required to spend $600,000 of expenditures on the Property within two years of the Closing Date (September 24, 2014).

- The Company is responsible for cash payments to Theriault for the sum of $20,000 payable on execution of the Option Agreement (paid) and $10,000 per month commencing on October 1, 2012 until June 1, 2014 for aggregate payments totaling $200,000.

- The Company is required to make two advanced royalty payments of $50,000 each to Theriault. The payments are due on November 12, 2013 and November 12, 2014, respectively.

- The property is subject to a 2.5% net smelter royalty.

The Company plans to initiate a drill program during the Fall of 2012 to test a series of vein systems present on the Property as set out in the technical report (the "Report") entitled "Technical Report on the Little Bear Lake Project" dated August 31, 2012. It is anticipated that the Fall drill program will test the Silver Fox, Rush and Jet vein systems.

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Historical results for these vein systems include:

- Silver Fox – The vein was channel sampled and sampled along its length yielding 0.90 oz/t (30.8 g/t) over 4 ft over a strike length of 255 ft. The wallrock contained up to 0.2 oz/ton (6.8 g/t). The Silver Fox vein was up to 7 ft wide at the south end. The narrower parts of the veins show grades of 7 to10 oz Au/ton (240 g/t to 342 g/t).

- Rush Vein – Carina conducted several sampling programs on the Rush Vein with selected grab samples up to 42 g/t.

- Jet Vein - Recent sampling of the Jet Vein yielded selected grabs of 62.2g/t and 183 g/t.

CIVC also plans to conduct additional sampling of the existing core from Carina's December 2010 drill program. Carina drilled 1679 metres in a program that was designed to test the eastern extension of the Treasure Vein. The results of the drill program indicate that the wall rock on the margins of the vein system is mineralized. Selected results include:

- CE 10-10 – 0.741g/t over 20.3 metres
  Including 3.26 g/t over 4.2 metres
  Including 9.2 g/t over 0.8 metres

- CE 10-11 – 3.0 g/t over 2.3 metres

- CE 10-12 – 2.5 g/t over 3.5 metres

Recent re-examination of the Carina core has determined that unsampled sections of the core appear to be well mineralised (pyritic). The re-sampling program is underway and assay results are expected shortly.

Little Bear Lake
The Little Bear Lake claim block in eastern Manitoba, consist of 17 claims, or 2149 hectares. On the Property, numerous gold-silver bearing veins occur in a parallel linear array trending NW-SE. The veins themselves are generally narrow and sometimes high grade. They are comprised of quartz and chlorite, and shearing is commonly evident in the walls. Width of the shear structures ranges from less than 1 metre to about 18 m. Within these "shear zones", white to sugary to glassy quartz veins are commonly thin, but widths to 3 m are reported. Dips of the "shear zones" are mostly vertical to steep north or south. Gold grades appear to be directly correlated with percentage of pyrite, galena, sphalerite or chalcopyrite within the host quartz.

Many high grade gold and silver assays have been reported from the property since 1928 when the veins were discovered. Historic grab sample assays range up to 17 oz Au/ton (530 g Au/T); 0.5 to 1 oz Au/ton (15-30 gAu/T) values have often been reported. Historically, there are reported to be an estimated 10,000 tons of hand-cobbed "high grade" quartz vein material on the property adjacent to historic exploration pits on the veins.

The major veins explored since 1928 have been named Silver Fox, Latwis, Gold Plate, Molson, Treasure, Black Beaver and Fisher. The Treasure vein appears to be the longest, being continuous over a strike length of greater than 2,000m where it has been sampled in 90 small blast pits along its length. The majority of veins have been similarly sampled. Historical records of sampling of pits and shafts by three separate parties for the Silver Fox vein are considered typical for veins on the property, e.g. 1) Birse, (1928): 12 samples over 188 ft length of the vein averaged 0.60 oz gold per ton over 19 inches. 2) Bull, (1928): six samples which averaged 0.46 oz/ton over 31 inch width. 3) C.S. Lord, (1934): assays averaged 0.98 oz/t over 21 inch width, for a length of 215 ft. Subsequent sampling and limited drilling in 1946 confirmed that high grade gold values can be obtained discontinuously over narrow widths along most veins. Past work on the ground was carried out by Norway Lake Iron Mines Ltd., Eco Exploration Company, Bear Lake Gold Mines Ltd., International Obaska Mines, Abermin, Theriault and Carina.

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

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 and Shaft	62.7 40.7, 16.0, 11.9.
Gold Pan Vein	155
Rush Vein	41.7. 15.2

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 mines in the Bourlamaque batholith, Val d'Or) are amenable to open pit mining.

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 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 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.

FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDED AUGUST 31, 2012

The Company is primarily in the exploration phase.

Working Capital - As at August 31, 2012, the Company had working capital of $1,136,849 compared to a working capital of $(2,692,403) as of August 31, 2011.

Current Assets – Current assets at August 31, 2012 totaled $1,289,444 compared to $145,867 as at August 31, 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 exploration and evaluation assets during the prior year. Trade receivables remained consistent between August 31, 2012 and August 31, 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 - $2,903,836). 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	**$**	**Nil**
Costs capitalized in the year		-
Impairment		-
Petroleum and Natural Gas Exploration and Evaluation Assets, August 31, 2012	**$**	**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 mineral exploration and evaluation assets with a recorded value of $37,692 (2011 - $480,000). These costs are a part of the acquisition costs of Little Bear Lake Project. The following schedule summarizes the changes in mineral exploration properties during the period:

Mineral Exploration and Evaluation Assets, November 30, 2011	**$**	**Nil**
Costs capitalized in the year		37,692
Impairment		-
Mineral Exploration and Evaluation Assets, August 31, 2012	**$**	**37,692**

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

Reclamation Deposit – As at August 31, 2012 the Company had property deposits of $55,986 (2011 - $55,421). Deposit at August 31, 2012 is held with the Energy Resources Conservation Board.

Current Liabilities – Current liabilities decreased from $2,838,270, at August 31, 2011 to $152,595 at August 31, 2012. The balance at August 31, 2012 represents normal trade payables and the decrease is a result of the sale of petroleum and natural gas exploration and evaluation assets in prior year.

General and Administrative - General and administrative expenses decreased from $232,703 at August 31, 2011 to $144,873 for the year ended August 31, 2012. General and administrative expenses include the following material components for the three months ended August 31, 2012 and August 31, 2011:

	2012	**2011**
	$	$
Office and shareholder information	23,544	26,264
Professional and filing fees	27,492	68,257
Promotion and travel	23,039	27,687
Service contracts and wages	70,798	110,495

Professional and filing fees and service contracts and wages decreased over the prior year quarter due to the sale of the Company's interest in Western Newfoundland. Office and shareholder information and promotion and travel have remained consistent over the quarters.

Share Based Payments – During the quarter ended August 31, 2012 the Company recorded stock based compensation expense of $1,155 (2011 - $152,024). This relates to 5,000,000 stock options for common shares issued on September 30, 2011 to an investor relations consultant which vests over 12 months after 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, $nil (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 August 31, 2012 (2011 – nil).

Selected Quarterly Information:

	August 31, 2012	**August 31, 2011**	**August 31, 2010**
	$	**$**	**$**
Total Revenue	**138**	1,038	79
Net Loss	**1,747,011**	386,161	1,445,903
Basic and Diluted Loss per Share	**0.003**	0.001	0.003
Total Assets	**1,332,920**	3,540,969	391,494
Total Long-term Liabilities	**-**	-	21,006

The decrease in net loss from 2011 is a result of the fair value losses on the held for trading investment.

Summary of Quarterly Results:

For The Quarters Ended				
	August 31/12	**May 31/12**	**Feb. 29/12**	**Nov. 30/11**
Revenue (including other income)	$138	$140	$5,663,084	$3,173,836
Net Income (loss)	(1,747,011)	(5,699,981)	5,532,647	2,211,912
Income (loss) per Share (basic and diluted)	(0.003)	(0.01)	0.01	Nil
	August 31/11	**May 31/11**	**Feb. 28/11**	**Nov. 30/10**
Revenue (including other income)	$1,038	$150	$156	$14,109
Net Income (loss)	(386,161)	(590,868)	(196,897)	15,156
Loss per Share	(0.001)	(0.001)	(0.0004)	0.00003

Net loss has increased in the current quarter due to the fair value loss on held for trading investment.

SHARE CAPITAL OUTSTANDING

Authorized share capital as at August 31, 2012: Unlimited.

Issued and outstanding share capital as at August 31, 2012: A total of 513,588,361 common voting shares and 31,250,000 warrants have been issued at a recorded value of $13,500,306.

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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 August 31, 2012:

Options

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

Number	Exercise Price	Expiry Date
	$	
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
31,250,000		

BUSINESS RISKS AND UNCERTAINIES

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 OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In February 2008 the Accounting Standards Board confirmed that International Financial Reporting Standards 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 nine months ended August 31, 2012, 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 Reconciliation					
	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 behavioral 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 majority of the Company's current period accounts receivable is 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 year-end is represented by the recognized carrying amounts. Past due amounts included in accounts receivable at quarter end was $12,653 (2011 - $36,884).

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 August 31, 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 - $36,000), included in general and administration expense, to corporations which are controlled by officers and directors of the Company.

b. Included in accounts payable is $14,142 (2011 - $48,421) 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 September 26, 2012, the Company announced the execution of an option agreement (the "Option Agreement") previously announced on March 30, 2012 among CIVC, Carina Energy Inc. ("Carina"), a private mining exploration company based in Toronto, Ontario and Ozias Theriault ("Theriault") whereby the Company was granted an option by Carina and Theriault to acquire a 55% interest in the Little Bear Lake gold property (the "Property") which is located in the Lac du Bonnet Mining Division in Manitoba. The Option Agreement has now received TSX Venture Exchange acceptance.

Pursuant to the terms of the Option Agreement:

- The Company has issued to Carina 6 million shares on September 24, 2012 (the "Closing Date") and on the first anniversary of the Closing Date (September 24, 2013) the Company will deliver an additional 5 million shares to Carina.

- The Company is required to spend $600,000 of expenditures on the Property within two years of the Closing Date (September 24, 2014).

- The Company is responsible for cash payments to Theriault for the sum of $20,000 payable on execution of the Option Agreement (paid) and $10,000 per month commencing on October 1, 2012 until June 1, 2014 for aggregate payments totaling $200,000.

- The Company is required to make two advanced royalty payments of $50,000 each to Theriault. The payments are due on November 12, 2013 and November 12, 2014, respectively.

- The property is subject to a 2.5% net smelter royalty.

The Company plans to initiate a drill program during the Fall of 2012 to test a series of vein systems present on the Property as set out in the technical report (the "Report") entitled "Technical Report on the Little Bear Lake Project" dated August 31, 2012. It is anticipated that the Fall drill program will test the Silver Fox, Rush and Jet vein systems.

On September 26, 2012, the Company also announced that it was arranging a non-brokered private placement of up to 50 million units (the “Units”) at a price of $0.01 each, to raise up to $500,000. Participants in the private placement will have the option to purchase both flow through and non-flow through units. Each non-flow through unit consists of one common share in the capital of the Company and one non-transferable share purchase warrant (“Warrant”). Each flow through unit will consist of one common share in the capital of the Company and one-half of one non-transferable Warrant. One whole Warrant will entitle the holder to buy an additional share in the capital of the Company for a period of two years at a price of $0.05 per share during the first year and at a price of $0.10 per share during the remaining term of the Warrant.

The Company may pay finder's fees or commissions in the private placement. The common shares or flow through common shares sold in the private placement, any shares acquired upon exercise of the Warrants and any securities issued in payment of finder's fees will be subject to a four-month hold period.

The proceeds from the private placement will be used for general working capital and exploration on the Company's properties. The private placement is subject to regulatory acceptance.