Canadian Imperial Venture Corp.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Quarter Ended February 28, 2011

This management discussion and analysis ("MD&A") prepared as of April 27, 2011 is a review of the consolidated operational and financial results of Canadian Imperial Venture Corp. (the "Company" / "CIVC") based upon Canadian generally accepted accounting principles ("GAAP"). The focus is primarily a comparison of the operational and financial performance for the three months ended February 28, 2011 and February 28, 2010 and should be read in conjunction with the audited statements for the years ended November 30, 2010 and 2009.

Additional information relating to Canadian Imperial Venture Corp. and its vision, strategies and operations, is available in the consolidated financial statements for the year ended November 30, 2010 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, potential oil and gas resources, 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 in western Newfoundland, the uncertainties involved in interpreting exploration results and other geological data, and the other risks involved in the oil and gas exploration and development 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.

The oil and gas resource evaluation figures disclosed in this MD&A are estimates and no assurances can be given that the indicated levels of oil will be produced. Such estimates are expressions of judgment based on knowledge, oil and gas experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that the resource estimates included in this MD&A are well established, by their nature, resource estimates are imprecise and depend, to a certain extent, upon statistical inferences, which may ultimately prove unreliable. If such estimates are inaccurate or are reduced in the future, this could have an adverse impact on the Company.

Review of Audited Consolidated Financial Statements

As stated above, the consolidated financial statements for the three months ended February 28, 2011 have been prepared in accordance with Canadian GAAP. Accounting policies, as presented in the Company's audited consolidated financial statements for the year ended November 30, 2010, have been consistently applied in preparing the consolidated financial statements except as disclosed.

The consolidated financial statements of the Company have been prepared by and are the responsibility of the Company and its Management. The interim consolidated 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 consolidated financial statements.

RESULTS OF OPERATIONS

Petroleum and Natural Gas Exploration Activity

Western Newfoundland

CIVC is now involved in two areas of Western Newfoundland – Shoal Point and Parson's Pond. The areas of Shoal Point and Parson's Pond have had intermittent production between 1895 and 1925 with cumulative production of around 10,000 barrels of oil.

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

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.

Offshore Exploration Licence #1070
This Licence covers an area of 254,616 acres. Following the drilling of the 2K-39 well, the Green Point shale has been identified as a potentially large resource play on the portion of EL1070 which covers the Port au Port Bay and area lying west of Long Point (approx. 150,000 acres).

EL 1070 was due to expire January 15, 2011 but has since been extended due to the drilling of the 3K-39 by Dragon Lance Management Corporation ("DLMC"), which commenced on January 12, 2011.

The Green Point Formation ("GPF") is a thick, dominantly shale unit which is developed on a regional scale. It is well recognized in geological literature as having high total organic carbon content (locally in excess of 10%) and having the maturity to generate hydrocarbons. The Green Point Formation is the probable source, based on geochemical affinities, to numerous oil and gas seeps in the region as well as early production on Shoal Point and the major exhumed oilfield at Port au Choix.

Analogous formations in basins elsewhere, which were formerly considered as source rocks for hydrocarbons trapped in conventional reservoir rocks, have now been shown to be prolific producers in their own right. These so-called unconventional plays have, over the past decade, dramatically reversed the decline in natural gas reserves in North America and are also producing significant quantities of oil, for example in the Bakken Formation in Saskatchewan. Geochemical analysis of cuttings from two wells in Port au Port Bay has indicated that the GPF is in the "oil window" strongly suggesting that if production is established, the expectation is that it will be oil.

CIVC and SPE currently own the "shallow" exploration rights in EL1070, "shallow" being defined as formations lying above the Ordovician Carbonate Platform, specifically including the GPF. EL1070 comprises 150,000 acres in the Port au Port Bay area with GPF potential, with essentially all drilling targets being reachable from onshore surface locations. Current ownership of the "shallow" rights is SPE 61.5% and CIVC 38.5%. SPE is currently earning 50% of CIVC's interest by paying CIVC's share of the 3K-39 well.

Following the drilling of the 3K-39 well, the EL 1070 shallow rights will be held 80.75% SPE and 19.25% CIVC. CIVC Creditor Corp. holds a 1.38% gross overriding royalty in both SPE and CIVC's interests in the EL 1070 shallow rights.

SPE and CIVC also agreed to establish an Area of Mutual Interest ("AMI"), comprising approximately 1.2 million acres, for lands outside of EL1070 which are potentially prospective. It is the intent of the companies to gain additional prospective acreage through land sales and farmin deals with other parties holding lands within the AMI.

On May 10, 2010, the Company announced the results of a resource evaluation of EL1070 carried out by AJM Petroleum Consultants ("AJM") of Calgary.

The report documents the results of AJM's independent evaluation, with the following table summarizing the Unrisked Estimates for oil within the Cow Head Group/Green Point shale horizon, within EL1070:

Cow Head Group – Green Point shale

		Low*	Best*	High*
Area	acres	35,000	54,544	85,000
Gross Thickness	feet	262.4	745.1	2,115.6
	metres	*80.0*	*227.2*	*645.0*
Net to Gross Ratio	fraction	0.3	0.4	0.5
Porosity	fraction	0.04	0.05	0.08
Hydrocarbon Saturation	fraction	0.20	0.32	0.50
Shrinkage	fraction	0.70	0.79	0.90
Recovery Factor	fraction	0.03	0.04	0.06
Discovered Oil Initially-In-Place*	Billions of barrels oil	0.464858	1.555937	5.207916
Contingent Resource*	Millions of barrels oil	18.534	63.202	215.522

In presenting this estimate, the consultants noted that the accuracy of any resource estimate is a function of the quality and quantity of available data and of engineering interpretation and judgment. While the resource estimates presented herein are considered reasonable, and adhere to the Canadian Oil and Gas Evaluation ("COGE") Handbook and NI 51-101 (as applicable), the estimates should be accepted with the understanding that reservoir performance subsequent to the date of the estimate may justify revision, either upward or downward. There is no certainty that it will be commercially viable to produce any portion of the resources.

AJM is independent of the commissioning companies (the "Companies") as provided in the standards pertaining to the estimating and auditing of oil and gas resource information included in the COGE Handbook set out by the Society of Petroleum Evaluation Engineers ("SPEE") and the Association of Professional Engineers, Geologists and Geophysicists of Alberta ("APEGGA").

In the course of the evaluation, the Companies provided AJM with basic information which included ownership and well information, reservoir and geologic studies, budget forecasts, and historical well cost data. Other engineering, geological or economic data required to conduct the evaluation and upon which the report is based were obtained from public records, other operators and from AJM non-confidential files.

Acquisition of Working Interest in Mineral Licence
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.

After these earning commitments have been fulfilled, CIVC will additionally be granted by Tectonics an option to participate in the adjoining Mineral License 018019M (121 claims; approx. 3025 ha; 7744 ac) immediately north and contiguous to Mineral License 016508M ("Mineral Option A"), and an option to participate in the adjoining Mineral License 018035M (121 claims; approx. 3025 ha; 7744 ac) lying immediately west and contiguous to Mineral License 016508M ("Mineral Option B"). These options will include terms and conditions identical to that of Option #1 except that, upon election to participate, 5,000,000 common shares shall be issued to Tectonics (rather than 3,000,000) for each of Mineral Options A and B, and a property-specific exploration program will be agreed on by the partners prior to election. Furthermore, upon fulfillment of earning commitments on Mineral License 016508M and 018387M, and prior to election of Mineral Option A and Mineral Option B, CIVC shall be granted by Tectonics a First Right of Refusal to match any third party joint-venture offer to Tectonics.

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.

Financial Highlights for the Quarter Ended February 28, 2011

The Company is primarily in the exploration phase and in the prior year sold all interests in producing wells that had generated petroleum and natural gas revenues.

Working Capital - As at February 28, 2011, the Company had working capital of $449,189 compared to a working capital of $156,333 as of February 28, 2010.

Current Assets – Current assets at February 28, 2011 totalled $666,367 compared to $719,901 as at February 28, 2010. This balance is comprised of cash, accounts receivable, reclamation deposit and prepaid expenses. The decrease in current assets is due to an increase in cash due to private placements in prior year. Trade receivables remained consistent between February 28, 2011 and February 28, 2010.

Petroleum and Natural Gas Properties – The Company currently holds petroleum and natural gas properties with a recorded value of $179,711 (2010 - $nil). The following schedule summarizes the changes in petroleum and natural gas properties during the year:

Petroleum and Natural Gas Properties, November 30, 2010	**$ 158,058**
Costs capitalized in the quarter	21,653
Petroleum and Natural Gas Properties, February 28, 2011	**$179,711**

Additional information on petroleum and natural gas properties is included in the consolidated financial statements.

Mineral Exploration Properties – The Company currently holds mineral exploration properties with a recorded value of $480,000 (2010 - $nil). The following schedule summarizes the changes in mineral exploration properties during the quarter:

Mineral Exploration Properties, November 30, 2010	**$ 375,000**
Costs capitalized in the year	105,000
Mineral Exploration Properties, February 28, 2011	**$375,000**

Additional information on mineral exploration properties is included in the annual consolidated financial statements.

Property Deposits – As at February 28, 2011 the Company had property deposits of $55,143 (2010 - $27,334). Deposits at February 28, 2011 are held with the Energy Resources Conservation Board.

Current Liabilities – Current liabilities decreased from $563,568 at February 28, 2010 to $217,178 at February 28, 2011. The balance at February 28, 2011 represents normal trade payables and the decrease is a result of timing.

General and Administrative - General and Administrative expenses decreased from $253,845 at February 28, 2010 to $189,561 for the quarter ended February 28, 2011. General and administrative expenses include the following material components for the three months ended February 28, 2011 and February 28, 2010:

	2011	2010
	$	$
Office and shareholder information	**24,303**	35,072
Professional and filing fees	**50,220**	97,186
Promotion and travel	**31,718**	36,824
Service contracts and wages	**83,320**	84,763

The decrease in professional and filing fees is a result less legal and filing fees due to private placing in prior year. Promotion and travel, service contracts and office and shareholder information have remained consistent over the quarters.

Stock Based Compensation – During the quarter ended February 28, 2011 the Company recorded stock based compensation expense of $2,876 (2010 - $676,830). The current year portion relates to the 1,000,000 stock options that were issued on March 17, 2010 but vested over 12 months. The prior year relates to 17,700,000 stock options for common shares issued on December 14, 2009 to employees and officers which vested at the date they were issued. The exercise price is $0.10 per share and the options expire on December 14, 2014. It also relates to 1,000,000 stock options, mentioned above, which were issued for common shares on March 17, 2010 to non-employees which vested 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 17, 2012. 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 consolidated financial statements for November 30, 2010 and November 30, 2009.

Asset Retirement Obligations – During the quarter the Company incurred asset retirement obligations of $nil (2010 – $nil) and accretion expense of $nil (2010 - $nil) associated with the retirement of oil and gas properties. The expected cash flow required to settle the obligation at year end is $5,537 (2010 - $33,110).

Private Placement Financing – There was no private placement financing obtained during the quarter ended February 28, 2011 (2010 - $nil). In accordance with the terms of the 2009 private placement of the flow-through shares, the Company has to renounce for income tax purposes, exploration expenditures in the amount of $235,000. The Company spent $123,188 (2010 - $nil) and had an unspent flow through commitment of $nil (2010 - $235,000) as at December 1, 2010. This amount was spent during this quarter**.**

Selected Annual Information

	Feb. 28, 2011	Feb. 28, 2010	Feb. 28, 2009
	$	$	$
Total Revenue	**156**	4,208	41,973
Net Loss	**196,897**	958,245	147,914
Basic and Diluted Loss per Share	**0.0004**	0.002	.0001
Total Assets	**1,331,628**	764,650	3,015,173
Total Long-term Liabilities	**-**	33,110	153,689

The decrease in total revenue is mainly due to the decrease in petroleum and natural gas revenue due to the sale of producing properties in the prior year. Stock based compensation expense of $2,876 (2010 - $620,843) contributed to the decrease in net loss for the quarter ended.

Summary of Quarterly Results

For The Three Months Ended				
	Feb. 28/11	**Nov. 30/10**	**Aug. 31/10**	**May 31/10**
Revenue (including interest)	**156**	14,109	$81	$79
Net Loss (income)	**196,897**	(15,156)	204,115	287,751
Loss (income) per Share (basic and diluted)	**0.0004**	(0.00003)	0.0004	0.002
	Feb. 28/10	**Nov. 30/09**	**Aug. 31/09**	**May 31/09**
Revenue (including interest)	$4,208	$51,158	$(23,647)	$45,695
Net Loss	(954,037)	2,545,622	418,306	53,027
Loss per Share	(0.002)	0.007	0.001	0.01

Net losses for the Company decreased in the first quarter of the quarter ending February 28, 2011 mainly due to stock based compensation expense of $620,843 in the prior 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

Internal Control over Financial Reporting

Management, including the Chief Executive Officer and the Chief Financial Officer, has designed internal control over financial reporting as defined under *Multilateral Instrument 52-109* to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with Canadian GAAP.

Changes in Internal Control over Financial Reporting

There were no changes in internal control over financial reporting that occurred during the quarter ended February 28, 2011 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Share Capital Outstanding

Authorized share capital as at February 28, 2011: Unlimited.

Issued and outstanding share capital as at February 28, 2011: A total of 513,588,361 common voting shares and 53,500,000 warrants have been issued at a recorded value of $13,790,318.

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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 28, 2011:

On December 14, 2009, the Company granted to directors, officers, employees and consultants of the Company, Incentive Stock Options to purchase 17,700,000 common shares at an exercise price of $0.10 per common share vesting immediately. Subject to the early termination provisions of the Plan, the Options will expire on December 14, 2014. On March 17, 2010, the Company granted to consultants of the Company, Incentive Stock Options to purchase 1,000,000 common shares at an exercise price of $0.10 per common share which vested in equal amounts on the third, sixth, ninth and twelfth month anniversary of the grant date. Subject to the early termination provisions of the Plan, the Options will expire on March 17, 2012. There were no stock options issued in 2009.

Options:

Name	Securities Under Options Granted (#)	Exercise or Base Price ($/Security)	Date of Grant	Expiration Date
Gerard M. Edwards	3,300,000 2,000,000 2,333,333 1,700,000	$0.10 $0.10 $0.10 $0.15	Dec. 14, 2009 March 3, 2008 Sept. 11, 2007 April 7, 2006	Dec. 14, 2014 March 3, 2013 Sept. 11, 2012 April 7, 2011
Robert G. Smiley	1,600,000 1,000,000 1,125,000 550,000	$0.10 $0.10 $0.10 $0.15	Dec. 14, 2009 March 3, 2008 Sept. 11, 2007 April 7, 2006	Dec. 14, 2014 March 3, 2013 Sept. 11, 2012 April 7, 2011
Jerome Byrne	1,600,000 1,000,000	$0.10 $0.10	Dec. 14, 2009 March 3, 2008	Dec. 14, 2014 March 3, 2013
Employees / Consultants	1,000,000 11,200,000 6,000,000 5,016,666 3,738,753	$0.10 $0.10 $0.10 $0.10 $0.15	Mar. 17, 2010 Dec. 14, 2009 March 3, 2008 Sept. 11, 2007 April 7, 2006	Mar. 17, 2012 Dec. 14, 2014 March 3, 2013 Sept. 11, 2012 April 7, 2011

Share Purchase Warrants:

As at February 28, 2011, there were:

- 30,000,000 share purchase warrants issued in 2010 as follows:

  - 10,500,000 warrants with an expiration date of October 13, 2012. Each warrant entitles holder to purchase at a price of $0.10 per share.

  - 11,500,000 warrants with an expiration date of October 29, 2012. Each warrant entitles holder to purchase at a price of $0.10 per share.

  - 8,000,000 warrants with an expiration date of November 12, 2012. Each warrant entitles holder to purchase at a price of $0.10 per share.

- 23,500,000 share purchase warrants issued in 2009 as follows:

  - 14,000,000 warrants with an expiration date of July 30, 2011. Each warrant entitles holder to purchase at a price of $0.05 per share during the first year and at a price of $0.10 during the second year.

  - 5,750,000 warrants with an expiration date of August 23, 2011. Each warrant entitles holder to purchase at a price of $0.05 per share during the first year and at a price of $0.10 during the second year.

  - 1,250,000 warrants with an expiration date of September 7, 2011. Each warrant entitles holder to purchase at a price of $0.05 per share during the first year and at a price of $0.10 during the second year.

  - 2,500,000 share purchase warrants with an expiration date of October 4, 2011 and exercisable a $0.10 per share.

Frankfurt Stock Exchange Listing

On April 10, 2006, the Company announced that it had made an application to seek a dual listing on a European exchange to provide the Company greater access to the global capital markets. This application was approved and on May 12, 2006, the Company announced that shares in the Company were quoted on the Frankfurt Stock Exchange under the trading symbol: DFM or via ISIN: CA1360761060. The Company's sponsoring bank in Frankfurt is Bader Wertpapierbank AG.

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 Instrument 51-101, the new standards of disclosure for oil and gas activities. The oil and gas reserve estimates are also made using all available geological and reservoir data as well as historical production date. 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 petroleum and natural gas and mineral 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 properties. 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

International Financial Reporting Standards
The Canadian Accounting Standards Board (AcSB) has confirmed that the use of International Financial Reporting Standards ("IFRS") will be required in 2011 for publicly accountable profit-oriented enterprises. IFRS will replace Canada's current GAAP for those enterprises that are responsible to large or diverse groups of stakeholders. The official changeover date for interim and annual financial statements relates to fiscal years beginning on or after January 1, 2011. The Company's changeover date will be December 1, 2011. Companies will be required to provide comparative IFRS information for the previous fiscal year. Under IFRS, the primary audience is capital markets and as a result, there is significantly more disclosure required. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies which must be addressed.

Business combinations

In December 2008, the CICA issued section 1582 "Business Combinations", which will replace CICA section 1581 of the same name. Under this guidance, the purchase price used in a business combination is based on the fair value of shares exchanged at their market price at the date of the exchange. Currently the purchase price used is based on the market price of the shares for a reasonable period before and after the date the acquisition is agreed upon and announced. This new guidance generally requires all acquisition costs to be expensed, which currently are capitalized as part of the purchase price. Contingent liabilities are to be recognized at fair value at the acquisition date and re-measured at fair value through earnings (loss) each period until settled. Currently only contingent liabilities that are resolved and payable are included in the cost to acquire the business. In addition, negative goodwill is required to be recognized immediately in earnings (loss), unlike the current requirement to eliminate it to the extent possible, by deducting it from non-current assets in the purchase price allocation. Section 1582 will be effective for the Company on December 1, 2011.

Non-controlling interest
In December 2008, the CICA issued sections 1601, "Consolidated Financial Statements", and 1602, "Non-controlling Interests", which replaces existing section 1600. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements, subsequent to a business combination. These standards are effective for the Company on December 1, 2011.

The Company has not yet determined the impact of adopting these new standards.

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.

Provision for Asset Retirement Obligations
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.

Joint Venture Operations
Some of the Company's petroleum and natural gas exploration activities are conducted jointly with others. This document reflects only the Company's proportionate interest in such activities.

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.

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 cash and cash equivalents is considered level 1 as it is determined by cash balances held at financial institutions.

a. Commodity price risk
   Commodity price risk is the risk that the fair value or 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.

b. 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 year 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 one major national financial institution.

c. 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 November 30, 2010 and 2009, the Company's financial liabilities were comprised of accounts payable and accrued liabilities and which have either contractual or expected maturities of less than one year.

d. Market risk
   The fair values of financial instruments consisting of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

e. Interest rate risk
   The Company's cash and cash equivalents are invested in short-term deposit certificates issued by Canadian Chartered banks and a Canadian financial institution. The Company has no debt. The Company believes its interest rate risk is not significant.

Transactions with Related Parties

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

a. During the quarter the Company was charged management fees aggregating $66,000 (2010 - $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 $12,987 (2010 - $171,898) to directors of the Company, and parties related to them, for 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 companies 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 $6,888 per month until April 15, 2011 and decreasing to $4,500 per month until April 14, 2013.

c. The Company has an agreement with Shoal Point Energy to finance the drilling of well 3K-39 which commenced on January 12, 2011. Under the terms of the agreement, the Company committed to funding 19.25% of the $1M well deposit in the event that the well was not abandoned within the first 60 days of obtaining the Significant Discovery License ("SDL"); funding 19.25% of the cost of the SDL in excess of $1M; and funding 19.25% of costs associated with the test well in excess of $4.5M.

d. On February 27, 2011, the Company entered into a consulting agreement for investor relation services for one year. Under this agreement, the Company will pay $2,500 per month. The Company will also issue 5,000,000 stock options at a price of $0.10 for a period of 18 months.

Outlook

Liquid petroleum prices have strengthened over the past year as demand increased and supply remained constrained. Recent political unrest in the Middle East has put supplies from this area at risk, causing prices to rise sharply. If these elevated prices are sustained, the economic recovery could be de-railed, which would dampen demand and cause prices to moderate. While the market is likely to experience significant price swings in the near-term, the overall trend in the longer term is for continued price growth due to supply constraints.

The Company's activities in Western Newfoundland are at the front-end of an exploration-production cycle where petroleum prices in the period 2013 – 2033 are more relevant than today's prices. Initial investments will be modest and subsequent higher investments will only be made in the light of successful early project results and forecasts of petroleum prices which will yield positive economics.

Subsequent Events

Except as disclosed elsewhere in the consolidated financial statements the Company had the following subsequent events:

On April 13, 2011, the Company was pleased to announce that pursuant to an AMI Agreement with SPE, the Company has exercised its right to earn a 32% working interest in the "Shallow Rights" of EL1120 which lies adjacent to EL1070 and is owned by Ptarmigan Energy Inc. ("PEI"). The Company made the election to participate concurrent with the signing of a Farmin Agreement between SPE and PEI on EL1120 in western Newfoundland.

Under the terms of the Farmin Agreement, SPE will have the right to earn into the "Shallow Rights" within a certain area of Exploration License #1120 ("Farmout Lands") by paying to PEI a total of $1,800,000, and by drilling a test well to assess the petroleum potential of the Green Point Formation on or before December 31, 2012. Once earning has occurred under the Farmin Agreement, the "Shallow Rights" working interest within the "Farmout Lands" of EL1120 will be SPE 48%, CIVC 32% and PEI 20%.

The AMI Agreement between CIVC and SPE covers approximately 1.2 million acres in western Newfoundland and both EL1070 and EL1120 are contained within that area. The agreement has a 3 year term and the respective participation rights under the agreement are 40% CIVC and 60% SPE.

On April 20, 2011, the Company announced reports that it had received results of geological and technical studies carried out by independent consultants on data from its EL 1070 property in western Newfoundland. Principle among these are petrophysical (log analysis) studies on pre-existing wells by NuTech Energy Alliance ("NuTech") of Humble, Texas. In these studies, digital data sets from open hole and cased hole logging runs were provided to NuTech, who specialize in the analysis of bypassed pay and unconventional reservoirs.

Executive Summary: 2K-39 and M-16

- <u>Shoal Point 2K-39 well, Green Point Formation petrophysics (NuTech)</u>

Gross interval: 915 metres (true vertical depth)

Net pay: 332.7 metres TVD

Oil-in-place: 380 million barrels per section (sq. mile)/ 593 thousand barrels per acre

Intervals recommended for completion: 3

- Long Point M-16 well, Green Point Formation petrophysics (NuTech)

Gross interval: 2147 metres

Net pay: 887 metres

Oil-in-place: 930 million barrels per section/ 1.454 million barrels per acre

Intervals recommended for completion: 10

- Source rock analysis, 2K-39: Green Point mature for oil
- Mineralogy (XRD) study, 2K-39: Quartz-rich zones correspond to best hydrocarbon shows in well
- EL 1070 has 150,000 ac of Green Point Oil-in-Shale potential