FORM 51-102F3 - MATERIAL CHANGE REPORT

1. **Name and Address of Company**

   CIC Energy Corp.
   c/o Tau Capital Corp.
   110 Sheppard Avenue East
   Suite 610
   Toronto, Ontario M2N 6Y8

2. **Date of Material Change**

   June 12, 2006.

3. **News Release**

   The news release attached hereto as Schedule "A" announcing the material change described herein was released through Canada News Wire Group at Toronto, Ontario on June 12, 2006.

4. **Summary of Material Change**

   CIC Energy Corp. ("CIC" or the "Company") has settled the dispute between The Highland Star Group ("HSG") and Meepong Investments (Pty) Limited ("Meepong Investments"), CIC, Meepong Resources (Pty) Ltd. ("Meepong Resources"), and the original shareholders of Meepong Investments, as outlined in a CIC news release dated April 23, 2006.

   Based on advice furnished by legal counsel, CIC remains confident that the HSG claims continue to be unfounded and without merit both in fact and in law. Nevertheless, the Board of Directors has decided that the rapid settlement of this matter is in the best interest of the Company. The board concluded that without having resolution to the dispute it would be difficult to complete the project financing within the Company's planned timeframe, as Counsel had advised the Company that it could take up to 24 months for the dispute to be finally resolved through the Botswana courts.

5. **Full Description of Material Change**

   Pursuant to an agreement (the "Settlement Agreement") between (1) the Company, (2) HSG, Highland Minerals Limited, Clinton Wood, Fharhaad Ali Moosa, Dr. John Herselman and Four Keys Investment Managers (Pty) Limited (collectively, the "Highland Parties") and (3) Meepong Investments, Meepong Resources, Theodoros Pandazis, Solomon Tlhapane and Elvidge Mhlauli, the Company has paid the Highland Parties US$18,500,000 in consideration of, among other things:

   (a) the settlement of all claims and counterclaims that are or might be made arising out of the relationship of the parties in connection with prospecting license numbers 75/2002 and 11/2004 obtained by Meepong Investments and/or Meepong Resources in respect of coal, coal-bed methane and related minerals in, on or under a portion of the Mmamabula Coal Fields, Botswana (the "Project Area") and the exploitation thereof (including the establishment and development of a coal mine and an associated coal-fired mine-mouth power station within or in the vicinity of the Project Area) (collectively, the "Project"), including certain legal actions initiated in the High Court of Botswana;

(b) an agreement from HSG to hold harmless each of the other parties from any claims arising out of or in connection with the subject matter of the legal actions or the involvement of all or any of the Highland Parties in the Project;

(c) an agreement by the Highland Parties not to, directly or indirectly, participate in any project associated with or related to coal or related minerals or establish or operate any mine-mouth power station in or in the vicinity of the Project Area for a period of 5 years; and

(d) an agreement by the Highland Parties not to communicate with certain specified persons respecting the Project.

6. **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

Not Applicable.

7. **Omitted Information**

Not Applicable.

8. **Executive Officer**

The following is the name and business telephone number of an executive officer of the Fund who is knowledgeable about the material change in this report.

Gregory Kinross
Chief Executive Officer
(416) 361-9636

9. **Date of Report**

June 20, 2006.

Schedule "A"

News Release 2006.07
TSX:ELC
BSE:CIC Energy

Settlement Reached in Highland Star Group Dispute;
Appointment of Investec Bank as Additional Financial Advisor

Road Town, Tortola, British Virgin Islands (June 12, 2006) – CIC Energy Corp. (“CIC” or the “Company”) (TSX:ELC, BSE:CIC Energy) announces that a settlement has been reached in the dispute between the “Highland Star Group” (“HSG”) and Meepong Investments (Pty) Limited (“Meepong Investments”), CIC, Meepong Resources (Pty) Ltd. (“Meepong Resources”), and the original shareholders of Meepong Investments, as outlined in a CIC news release dated April 23, 2006.

Based on advice furnished by legal counsel, CIC remains confident that the HSG claims continue to be unfounded and without merit both in fact and in law. Nevertheless, the Board of Directors has decided that the rapid settlement of this matter is in the best interest of the Company. The board concluded that without having resolution to the dispute it would be difficult to complete the project financing within the Company’s planned timeframe, as Counsel had advised the Company that it could take up to 24 months for the dispute to be finally resolved through the Botswana courts. Under the terms of the settlement, CIC has agreed to pay the HSG a total of US$18,500,000.

Mr. Gregory Kinross, CEO of CIC, states “Settlement of the HSG dispute removes a potential impediment, due to the time required to bring resolution to the issue, for the Mmamabula Energy Project to proceed through a Bankable Feasibility Study (“BFS”) and towards financial close. In a news release dated May 16, 2006 the Company announced the signing of a Memorandum of Understanding with Eskom, South Africa’s electrical utility. CIC anticipates the Company's treasury is sufficient to take the Mmamabula Energy Project through completion of a BFS and is currently advancing towards achieving significant milestones set out for the project.”

Appointment of Additional Financial Advisor

The Company is pleased to report that it has appointed Investec Bank Limited (“Investec”), an international recognized specialist banking group, as financial advisor. ABSA Bank, which is a subsidiary of Barclays Bank, will continue in its role as project advisor and mandated debt advisor and arranger.

Investec has been appointed in order to assist the Company in expeditiously concluding joint venture agreements with an independent power producer (“IPP”) and a major mining company, to develop the Mmambula Energy Project. The Company has pre-selected several IPP’s and mining companies as potential partners with whom negotiations have commenced.

Listing on the Botswana Stock Exchange

Further to conditional listing announced in a CIC news release of May 16, 2006, the Company is pleased to announce that it has commenced trading on the Botswana Stock Exchange ("BSE"), under the name "CIC Energy".

About CIC Energy Corp.

CIC is a TSX/BSE-listed company engaged in the advancement of the Mmamabula Energy Project, which includes the Mmamabula East and Mmamabula South prospecting licenses, located in the Mmamabula Coal Fields of south-eastern Botswana, 120 km north of the capital city of Gaborone and adjacent to South Africa's Waterberg Coal Fields.

The Southern Africa region is projected to require significant new baseload power generation capacity beginning in 2011. To address this shortfall, the Company is currently conducting a BFS for a major, integrated 12Mt per annum coal mine and associated 3,600 MW power station at the Mmamabula Energy Project which will supply the regional power grid, commencing in 2011.

CIC has a treasury of approximately CDN$ 38.5M, 41,486,521M shares outstanding and 48,759,111M shares fully diluted. For additional information on CIC and its projects visit the Company's website at www.cicenergycorp.com or contact:

Fiona Childe, Ph.D., P.Geo.
VP Corporate Communications
Tau Capital Corp.
Tel: (416) 361-9636 x 227
Email: fchilde@taucapital.com

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Forward Looking Statements

This press release contains certain "forward-looking statements". All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding the Company's plans with respect to the exploration and development of the Mmamabula Energy Project) are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Such forward-looking statements include, among other things, statements regarding targets, future production, goals, objectives, plans and future economic, market and other conditions. Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to: failure to complete a positive Bankable Feasibility Study on the Mmamabula Energy Project and/or the related power station; failure to outline additional mineral resources of sufficient grade and/or quality to support the proposed 3,600 MW power station; the grade, quality and recovery of coal which is mined varying from estimates; inflation; changes in exchange rates; fluctuations in coal and electricity prices; delays in the development of the Mmamabula Energy Project caused by unavailability of equipment, labour or supplies, climatic conditions or otherwise; delays or failures in obtaining regulatory permits and/or licences respecting mining, power generation and/or power transmission lines; availability of water at cost effective prices; inability to enter into a power purchase agreement and/or transmission agreement with Eskom; inability to enter into joint venture agreements with an IPP and a major mining company to develop and operate the proposed power station and/or coal mine and/or failure to raise additional funds to finance such development: or other factors (including exploration, development and operating risks). Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause the actual results to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. 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.