

**PRELIMINARY**

**FORM 9**

**NOTICE OF PROPOSED ISSUANCE OF LISTED SECURITIES  
IN CONNECTION WITH THE ACQUISITION OF  
THE SUGAR LOAF PROPERTY**

**(or securities convertible or exchangeable into listed securities<sup>1</sup>)**

Please complete the following:

Name of CNSX Issuer: CLI RESOURCES INC. (the "Issuer" or "CLI").

Trading Symbol: LIC .

Date: FEBRUARY 24, 2011 .

Is this an updating or amending Notice: ☐ Yes ☒ No

If yes provide date(s) of prior Notices: \_\_\_\_\_.

Issued and Outstanding Securities of Issuer Prior to Issuance: 21,583,372

Date of News Release Announcing Private Placement: FEBRUARY 24, 2011 .

Closing Market Price on Day Preceding the Issuance of the News Release: \$0.085

**1. Private Placement (if shares are being issued in connection with an acquisition (either as consideration or to raise funds for a cash acquisition), proceed to Part 2 of this form) -**

**Part 2 - Acquisition**

1. Provide details of the assets to be acquired by the Issuer (including the location of the assets, if applicable). The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material:

The Issuer has signed a Letter Agreement whereby CLI can acquire a 100% interest in the Sugarloaf Peak Property in Arizona (the "Property"). The Property covers over 12 km<sup>2</sup> located west of Quartzsite, Arizona and was the subject of intermittent drilling and small scale mining during the 1950's through to the 1990's. The Property is the subject of an historic, non-National Instrument 43-101 compliant mineral resource. In 2009,

the Optionor completed a drill program on the Property that substantiated a portion of the historic data, while testing the geologic model at depth. Drilling targeted the southern portion of a 4 km<sup>2</sup> surface gold anomaly and was not focused on duplicating previous work by twinning historic drill holes. Riverside completed five angled diamond drill holes on the property for a total of 1,125 meters to a maximum true depth of over 200 meters in any one hole.

2. Provide details of the acquisition including the date, parties to and type of agreement (eg: sale, option, license etc.) and relationship to the Issuer. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the acquisition without reference to any other material: \_\_\_\_

On February 24, 2011 the Issuer and Riverside Resources Inc (the "Optionor") entered into a letter agreement (the "Letter Agreement") whereby CLI can acquire a 100% interest in the Sugarloaf Peak Property in Arizona (the "Property"). The parties to the Letter Agreement intend to enter into a definitive agreement (the "Definitive Agreement") within 45 days of the date of execution of the Letter Agreement (i.e. on or before April 8, 2011) (the "Effective Date").

The Issuer may exercise the Option to acquire the Property by making cash payments, issuing common shares ("Common Shares") to the Optionor and incurring exploration expenditures on the Property in accordance with the following schedule:

**Table 1**

Date	Cash Payment	Share Issuance	Exploration Expenditure
Effective Date(1)	\$250,000	4,300,000 Common Shares	n/a
Earlier of (a) four months after the Effective date and (b) completion of an aggregate of \$3,000,000 in financing	n/a	4,300,000 Common Shares	n/a
First anniversary of Effective Date	\$250,000	2,500,000 Common Shares	\$2,000,000
Second anniversary of Effective Date	\$500,000	1,000,000 Common Shares	\$3,000,000
Third anniversary of Effective Date	\$750,000	1,500,000 Common Shares	n/a
TOTAL	\$1,750,000	13,600,000 Common Shares	\$5,500,000

(1) The Effective Date is the date of the execution of a definitive agreement (the "Definitive Agreement") in respect of the Option.

The exercise of the Option is also subject to the Issuer completing a National Instrument 43-101 compliant independent resource estimate by the second anniversary of the Effective Date and a preliminary independent scoping study on or before the third anniversary of the Effective Date unless the Optionor waives this requirement or the Issuer exercises the Acceleration Option (as defined herein).

In addition, in order to exercise the Option, CLI must incur exploration expenditures and make outstanding cash payments due from the Optionor to Arizona Gold Holdings, LLC ("Arizona Gold") pursuant to the terms of an option agreement dated April 11, 2008 between the Optionor and Arizona Gold (the "Underlying Option Agreement") in respect of the Property. Aggregate cash payments of \$165,000 and exploration expenditures obligations of approximately \$500,000 remain outstanding under the Underlying Option Agreement. Any cash payments paid by CLI in respect of the Underlying Option Agreement shall be applied against the Issuer's exploration expenditure requirements under the Agreement. The Property is subject to a 1.5% net smelter royalty pursuant to the Underlying Option Agreement, 1% of which can be repurchased by the Issuer at

any time for US\$1,000,000.

At any time after the first anniversary of the Effective Date and provided the Issuer has made the requisite cash payments, share issuances and exploration expenditures, the Issuer may elect to accelerate the exercise of the Option by making a cash payment to the Optionor of \$1,500,000 and issuing to the Optionor Common Shares with an aggregate value of \$2,000,000 (the "Acceleration Option").

In the event that on or before the first anniversary of the Effective Date the Issuer issues Common Shares at a price of less than \$0.30 per Common Share (other than a permitted financing), then to exercise the Option, in addition to making the requisite cash payments, Common Share issuances and exploration expenditures on or before the first anniversary of the Effective Date, the Issuer must exercise the Acceleration Option after but not later than 30 days from the first anniversary of the Effective Date. In the event that after the first anniversary of the Effective Date and prior to such time as the Issuer has raised a total of \$8,000,000 in equity financing, (including any permitted financing ) the Issuer issues Common Shares at a price of less than \$0.30 per Common Share, then to exercise the Option, in addition to making the requisite cash payments, Common Share issuances and exploration expenditures, the Issuer must exercise the Acceleration Option not later than 30 days from the date of such event.

3. Provide the following information in relation to the total consideration for the acquisition (including details of all cash, securities or other consideration) and any required work commitments: Also see Table 1, above.
- (a) Total aggregate consideration in Canadian dollars: See below.
- (b) Cash: \$1,750,000
- (c) Securities (including options, warrants etc.) and dollar value: 13,600,000 Common Shares to be issued in 5 tranches as certain milestones are met, as defined in Table 1, above.
- (d) Other: \_\_\_\_\_

- (e) Expiry date of options, warrants, etc. if any: \_\_\_\_\_
- (f) Exercise price of options, warrants, etc. if any: \_\_\_\_\_
- (g) Work commitments: \$5,500,000

3. State how the purchase or sale price was determined (e.g. arm's-length negotiation, independent committee of the Board, third party valuation etc).

The purchase price was determined through negotiation, input and consideration of the management acting on behalf of the board.

4. Provide details of any appraisal or valuation of the subject of the acquisition known to management of the Issuer: None known at this time

5. The names of parties receiving securities of the Issuer pursuant to the acquisition and the number of securities to be issued are described as follows:

**Table 2**

Name of Party (If not an individual, name all insiders of the Party)	Number and Type of Securities to be Issued	Proposed Timing/Purpose of Issuance	Dollar value per Security (CDN\$)	Conversion price (if applicable)	Prospectus Exemption	No. of Securities, directly or indirectly, Owned, Controlled or Directed by Party	Describe relationship to Issuer <sup>(1)</sup>
Not yet known	10,000,000 Units <sup>(2)</sup>	private placement announced February 24  to fund the cash payment required by the Definitive Agreement	\$0.15	warrants attached to the units will have a conversion price of \$.30 per warrant share	The Issuer expects to rely on the accredited investor, minimum investment, and/or friends, family and associates exemptions	Not yet known	Not yet known
Riverside Resources Inc.	13,600,000 Common Shares	to be issued in 5 tranches as noted in Table 1, above	to be determined	n/a	acquisition over \$150,000	13,600,000	related party

(1) Indicate if Related Person

(2) Each Unit will be comprised of one Common Share and one-half of one Common Share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder, on exercise, to acquire one Common Share (a "Warrant Share") at an exercise price of \$0.30 per Warrant Share for a period of 2 years, subject to acceleration.

6. Details of the steps taken by the Issuer to ensure that the vendor has good title to the assets being acquired:

The issuer retained independent legal counsel to review title.

7. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the acquisition (including warrants, options, etc.):

- (a) Details of any dealer, agent, broker or other person receiving compensation in connection with the acquisition (name, address. If a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer):

Compensation, as yet undetermined, will be paid to Haywood Securities in connection with the private placement of the 10,000,000 Units.

(b) Cash \_\_\_\_\_.

(c) Securities \_\_\_\_\_.

(d) Other \_\_\_\_\_.

(e) Expiry date of any options, warrants etc. \_\_\_\_\_.

(f) Exercise price of any options, warrants etc. \_\_\_\_\_.

8. State whether the sales agent, broker or other person receiving compensation in connection with the acquisition is a Related Person or has any other relationship with the Issuer and provide details of the relationship.

This does not apply.

9. If applicable, indicate whether the acquisition is the acquisition of an interest in property contiguous to or otherwise related to any other asset acquired in the last 12 months. This does not apply.

## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance on behalf of the Issuer.
2. As of the date hereof there is not material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 9 Notice of Private Placement is true.

Dated February 25, 2011.

Gianni Kovacevic  
Name of Director or Senior  
Officer

***"Gianni Kovacevic"***  
Signature

Director  
Official Capacity