

FORM 5
QUARTERLY LISTING STATEMENT

Name of CNSX Issuer: CHOICE GOLD CORP (formerly CLI RESOURCES INC.) (the "Issuer").

Trading Symbol: CHF (formerly LIC)

SCHEDULE A: FINANCIAL STATEMENTS

Please see attached.

SCHEDULE B: SUPPLEMENTARY INFORMATION

1. Related party transactions

Related Party	Amount	Description
Beta Resources Consulting Ltd. ¹	\$10,000	Consulting Fees

¹ Beta Resources Consulting Ltd. is controlled by Mac Bell, an officer of the Issuer ("Beta").

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
Oct16, 2009	common share	incorporation share	1	\$1.00	\$1.00	cash	Parent corporation ¹	n/a
Mar 31, 2010	common share	cancellation of incorporation share	(1)	(\$1.00)	(\$1.00)	cash	Parent corporation	n/a
Jan 5, 2010	common shares	plan of arrangement	17,583,372		1,484,000	transfer of Equity Portfolio as contemplated in plan of arrangement	shareholders of parent corporation	n/a
Mar 16, 2010	common shares (Units ²)	private placement	2,000,000	\$0.05	\$100,000	cash	n/a	n/a
Dec 22, 2010	common shares	exercise of warrants pursuant to the Mar 16, 2010 private placement	2,000,000	\$0.07	\$140,000	cash	n/a	n/a
Mar 21, 2011	common shares (Units ³)	private placement	10,090,000	\$0.15	\$1,513,500	cash	Units were subscribed by certain insiders of the Company ⁴	\$60,000 success fee, common shares and agent warrants
Mar 21, 2011	common shares	Shares issued to Riverside Resources Inc. in connection with the execution of	8,600,000	\$0.15	\$1,290,000	Shares issued to Riverside Resources Inc. in connection with the execution of the Definitive Agreement.	Related Party	n/a

¹ RTN Stealth Software Inc. (formerly Arris Resources Inc.)

² Each Unit consists of one common share (a “Share”) and one common share purchase warrant (a “Warrant”). Each Warrant entitles the holder to purchase Share at an exercise price of CAD\$0.07 for a period of two years.

³ Each Unit consists of one common share (a “Share”) and one half of one common share purchase warrant (a “Warrant”). Each whole Warrant entitles the holder to purchase Share at an exercise price of CAD\$0.30 for a period of two years.

⁴ Mac Bell, an officer of the Company subscribed for 150,000 units and John-Mark Staude, a director of the Company subscribed for 300,000 units.

		the Definitive Agreement.						
Mar 21, 2011	Common Shares	Commission on private placement (March 21, 2011)	400,000	\$0.08	\$32,000	Shares issued at a deemed price of \$0.08 in connection with commissions payable on the Private Placement		n/a
Mar 21, 2011	Warrants	Agents Warrants	600,000			Agents Warrants issued in connection with the Private Placement noted above, each warrant is exercisable into one common share of the Issuer at a price of \$0.20 for a period of two years.		n/a

(b) Issued and outstanding:

As at December 31, 2010 there were 40,673,372 common shares issued & outstanding.

(c) summary of options granted during the period:

Number of stock options	Exercise price \$	Expiry Date	Exercisable as at the date of this MD&A
2,150,000	0.150	March 3, 2016	-
1,000,000	0.300	March 22, 2016	-
500,000	0.305	March 29, 2016	-
150,000	0.350	March 29, 2016	-
50,000	0.465	April 26, 2016	-
3,850,000			-

3. Summary of securities as at the end of the reporting period.

Outstanding Share Data

Authorized Share Capital: Unlimited Class A common shares without par value
Unlimited Class B preferred shares without par value

Class A Common Shares	40,673,372	
2010 Series 1 Warrants	-0-	exercised on Dec 22, 2010
2011 Warrants	5,045,000	
Stock Options	3,850,000	

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Directors and Officers

Gianni Kovacevic	President & Chief Executive Officer
John-Mark Staude	Director
Terence S. Ortslan	Director
Jamie Lewin	Chief Financial Officer
Mac Bell	Senior Vice President

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Please see attached.

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 Quarterly Listing Statement.
2. As of the date hereof there is no 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 5 Quarterly Listing Statement is true.

Dated: May 31, 2011

Gianni Kovacevic

Name of Director or Senior Officer

/s/ Gianni Kovacevic

Signature

President & CEO

Official Capacity

Issuer Details CHOICE GOLD CORP.	For Quarter Ended 31 – MAR - 2011	Date of Report 2011/05/31
Issuer Address 1250 West Hastings Street		
City/Province/Postal Code Vancouver BC V6E 2M4	Issuer Fax No. (604) 408-9301	Issuer Telephone No. (604)685-2542
Contact Name Gianni Kovacevic	Contact Position President & CEO	Contact Telephone No. 604-685-2542
Contact Email Address info@choicegoldcorp.com	Web Site Address www.choicegoldcorp.com	

SCHEDULE "A"

FINANCIAL STATEMENTS



CHOICE GOLD CORP.

(Formerly CLI Resources Inc.)

Interim Financial Statements

(Unaudited- Prepared by Management)

For the Three and Nine Months Ended March 31, 2011

(Expressed in Canadian Dollars)

UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by Canadian Securities Administrators, Choice Gold Corp. discloses that its auditors have not reviewed the unaudited interim financial statements for the three and nine months ended March 31, 2011.

CHOICE GOLD CORP.

Balance Sheets

(Unaudited - Expressed in Canadian Dollars)

**March 31,
2011**

**June 30,
2010**

Assets

Current assets

Cash	\$ 1,383,997	\$ 27,894
Amounts receivable	27,666	1,487
	1,411,663	29,381

Mineral properties (Note 3)	1,290,000	40,000
Total Assets	\$ 2,701,663	\$ 69,381

Liabilities and Shareholders' Equity

Current liabilities

Accounts payable and accrued liabilities (Note 5)	\$ 22,242	\$ 29,004
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Shareholders' equity

Share capital (Note 4b)	2,549,065	127,185
Contributed surplus (Note 4e)	430,508	40,000
Deficit	(300,152)	(126,808)
	2,679,421	40,377

Total liabilities and shareholders' equity	\$ 2,701,663	\$ 69,381
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Nature of operation and basic of presentation (Note 1)

Subsequent events (Note 6)

See accompanying notes to the financial statements

Approved on behalf of the Board of Directors

"Gianni Kovacevic"
Director

"Terence S. Ortslan"
Director

CHOICE GOLD CORP.

Statement of Operations and Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	Nine Months Ended March 31, 2011	October 16, 2009 to March 31, 2010
Expenses				
Consulting	\$ 10,516	\$ -	\$ 40,566	\$ -
Office and administration	2,718	1,650	3,461	1,650
Occupancy expenses	10,410	—	22,410	—
Professional fees	30,076	448	36,467	4,448
Stock-based compensation (Note 4c)	3,888	—	3,888	—
Trust and filing	6,856	505	13,513	505
Website development	20,539	—	20,539	—
Loss before the following:	(85,003)	(2,603)	(140,844)	(6,603)
Loss from mineral properties disposition (Note 3)	(32,500)	—	(32,500)	—
Net loss and comprehensive loss	\$ (117,503)	\$ (2,603)	\$ (173,344)	\$ (6,603)
Basic and diluted loss per share	\$ (0.00)	\$ (4,000)	\$ (0.01)	\$ (4,000)
Weighted average number of outstanding common shares	23,704,483	1	21,017,314	1

See accompanying notes to the financial statements

CHOICE GOLD CORP.**Statement of Shareholders' Equity****March 31, 2011**

(Unaudited -Expressed in Canadian Dollars except for number of shares)

	Number of Outstanding Shares	Share Capital	Contributed Surplus	Accumulated Comprehensive Income	Deficit	Total Shareholders' Equity
		\$	\$	\$	\$	\$
Balance, June 30, 2010	19,583,372	127,185	40,000	—	(126,808)	40,377
Share issuance - warrants exercise	2,000,000	180,000	(40,000)	—	—	140,000
Private placement (Note 4b) -share issuance	10,490,000	1,070,080	383,420	—	—	1,453,500
-subscription receivable	—	(75,000)	—	—	—	(75,000)
-warrants issued for finder's fees	—	(43,200)	43,200	—	—	—
Stock-based compensation (Note 4d)	—	—	3,888	—	—	3,888
Share issued for partial exercise of Option Agreement (Note 3)	8,600,000	1,290,000	—	—	—	1,290,000
Net loss for the nine months ended March 31, 2011	—	—	—	—	(173,344)	(173,344)
Balance, March 31, 2011	40,673,372	2,549,065	430,508	—	(300,152)	2,679,421

See accompanying notes to the financial statements

CHOICE GOLD CORP.**Statement of Cash Flows**

(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	Nine Months Ended March 31, 2011	October 16, 2009 to March 31, 2010
Cash provided by (used for)				
Operating activities				
Loss for the period	\$ (117,503)	\$ (2,603)	\$ (173,344)	\$ (6,603)
Items not involving cash:				
Stock-based compensation (Note 3)	3,888	—	3,888	—
Loss from disposition of mineral properties	32,500	—	32,500	—
Changes in operating working capital:				
Accounts payable and accrued liabilities	(42,536)	2,839	(6,762)	6,839
Amounts receivable	(12,330)	(236)	(18,679)	(236)
Cash used for operating activities	(135,981)	—	(162,397)	—
Financing activities				
Common shares issuance (Note 4b)	1,378,500	—	1,518,500	1
Advance from share subscription	—	100,000	—	100,000
Common shares cancellation	—	(1)	—	(1)
Cash provided by financing activities	1,378,500	99,999	1,518,500	100,000
Investing activities				
Acquisition of mineral properties	—	(40,000)	—	(40,000)
Cash used in investing activities	—	(40,000)	—	(40,000)
Increase in cash	1,242,519	59,999	1,356,103	60,000
Cash, beginning of period	141,478	1	27,894	-
Cash, end of period	\$ 1,383,997	\$ 60,000	\$ 1,383,997	\$ 60,000
Supplementary information:				
Cash paid for interest expense	\$ —	\$ —	\$ —	\$ —
Cash paid for income taxes	\$ —	\$ —	\$ —	\$ —
Activities not involve cash				
Issuance of 600,000 share purchase warrants as finder's fee (Note 4d)				
Issuance of 400,000 common shares as success fee (Note4b)				

See accompanying notes to the financial statements

CHOICE GOLD CORP.

(Formerly CLI Resources Inc.)

Notes to the Financial Statements

For the Three and Nine Months Ended March 31, 2011

(Unaudited – Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS & BASIC OF PRESENTATION

Choice Gold Corp. (the “Company” or “Choice Gold”) was incorporated on October 16, 2009 and changed its name from CLI Resources Inc. to Choice Gold Corp. on March 17, 2011. The Company is an exploration and development stage company with its principal business being the exploration and development of mining properties. The Company’s common shares are traded at the Canadian National Stock Exchange (“CNSX”): initially under the symbol LIC, and subsequently changed to CHF on March 21, 2011.

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) pursuant to the recommendations of the Canadian Institute of Chartered Accountants (“CICA”) on interim financial statements. These interim financial statements do not include all the disclosures as required for annual financial statements under Canadian GAAP and should be read in conjunction with the Company’s most recent audited annual financial statements for the year ended June 30, 2010, which are available through the internet on SEDAR at www.sedar.com.

Operating results for the three and nine months ended March 31, 2011 are not necessarily indicative of the results that may be expected for the full year ending June 30, 2011 or for any other periods.

These interim financial statements have been prepared in accordance with Canadian GAAP with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company’s continuing operations, as intended, and its financial success may be dependent upon the extent to which it can discover mineralization and the economic viability of developing any such additional properties. The discovery of mineralization and the development of properties to the point where they may be sold, optioned, or joint ventured may take years to complete and the amount of resulting income, if any, is difficult to determine with any certainty. As an exploration phase company, the company does not anticipate producing revenues for some time, other than from the sale, optioning or joint venturing of any mineral properties it may acquire. The sale value of any mineralization discovered by the Company is largely dependent upon factors beyond its control, such as the market value of the contained metals. During the nine months ended March 31, 2011, the Company incurred a loss of \$173,344, accumulated deficit of \$300,152, and had recurring losses since inception. These factors raise substantial doubt about the Company’s ability to continue as a going-concern.

These interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in business.

CHOICE GOLD CORP.

(Formerly CLI Resources Inc.)

Notes to the Financial Statements

For the Three and Nine Months Ended March 31, 2011

(Unaudited – Expressed in Canadian Dollars)

2. CHANGES IN ACCOUNTING POLICIES

These interim financial statements follow the same accounting policies and methods of application as the Company's most recent audited annual financial statements for the year ended June 30, 2010. The Company has not changed its accounting policies since then.

Future accounting changes announced by CICA but not yet adopted by the Company are as follows:

Business combinations, CICA Handbook Section 1582

This Section, which replaces the former Business Combinations, Section 1581, establishes standards for the accounting of a business combination. It provides the Canadian equivalent to International Financial Reporting Standard IFRS 3, "Business Combinations". This Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted, in which case an entity would also early adopt Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests. This Section will not impact the Company as it presently operates, however this Section will be effective if the Company undertakes a business combination in the future.

Consolidated financial statements, CICA Handbook Section 1601

This Section, which, together with new Section 1602, replaces the former Consolidated Financial Statements, Section 1600, establishes standards for the preparation of consolidated financial statements. This Section applies to interim and annual consolidated financial statements of fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted in which case an entity would also early adopt Section 1582, Business Combinations and Section 1602, Non-Controlling Interests. This Section will not impact the Company as it presently operates, however this Section will be effective if the Company undertakes a business combination or having subsidiaries in the future.

Non-controlling interests, CICA Handbook Section 1602

This new Section establishes standards for accounting for non-controlling interest in a subsidiary in consolidated financial statements. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, "Consolidated and Separate Financial Statements". This Section applies to interim and annual consolidated financial statements of fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted, in which case an entity would also early adopt Section 1582, Business Combinations and Section 1601, Consolidated Financial Statements. This Section will not impact the Company as it presently operates, however the Section will be effective if the Company undertakes a business combination or having subsidiaries in the future.

CHOICE GOLD CORP.

(Formerly CLI Resources Inc.)

Notes to the Financial Statements

For the Three and Nine Months Ended March 31, 2011

(Unaudited – Expressed in Canadian Dollars)

2. CHANGES IN ACCOUNTING POLICIES (Continued)

International financial reporting standards

The Canadian Accounting Standards Board (“AcSB”) in 2006 published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards (“IFRS”) over a five-year transitional period.

In February 2008, the CICA Accounting Standards Board confirmed that the changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises, effective for the interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Due to the Company’s June 30 fiscal yearend, the Company will adopt IFRS commencing July 1, 2011 and will restate the financial statements (for comparative purposes) reported by the Company for the year ended June 30, 2011. The Company is currently in the process of executing an IFRS conversion plan.

3. MINERAL PROPERTIES

Sugarloaf Peak Property

The Company entered into a definitive option agreement dated March 16, 2011 (the “Option Agreement”) with Riverside Resources Inc. (the “Optionor”) which grants the Company the option (the “Option”) to acquire a 100% interest in the Sugarloaf Peak Property (the “Sugarloaf Property”), which covers over 12 km² located west of Quartzsite, Arizona

Pursuant to the Option Agreement, the Company may exercise the Option to acquire the Sugarloaf Property by making cash payments, issuing common shares of the Company to the Optionor and incurring exploration expenditures on the Sugarloaf Property on or before the dates per the following schedule:

Date	Cash Payment (\$)	Number of common shares issued	Exploration Expenditure (\$)
1. Three business day after the Option Agreement is approved by CNSX and the Company’s shareholders	250,000	4,300,000	n/a
2. The earlier of: (a) four months after the Effective date (i) (b) completion of an aggregate of \$3,000,000 in financing	-	4,300,000	n/a
3. First anniversary of Effective Date	250,000	2,500,000	2,000,000
4. Second anniversary of Effective Date	500,000	1,000,000	3,500,000
5. Third anniversary of Effective Date	750,000	1,500,000	n/a
Total	1,750,000	13,600,000	5,500,000

(i) Effective Date is March 7, 2011

CHOICE GOLD CORP.

(Formerly CLI Resources Inc.)

Notes to the Financial Statements

For the Three and Nine Months Ended March 31, 2011

(Unaudited – Expressed in Canadian Dollars)

3. MINERAL PROPERTIES (Continued)

At any time after the first anniversary of the Effective Date, the Company may exercise an acceleration option (the “Acceleration Option”) to complete the acquisition of the 100% interest of the Sugarloaf Property. In the event that the Company exercises the Acceleration Option, the Company will be required to:

- a) pay the Optionor a further \$1,500,000 cash; and
- b) issue, to the Optionor, Common Shares of the Company equal to \$2,000,000 divided by the Acceleration Option share price. The Acceleration Option share price is the lower of:
 - i. the volume weighted average price per share during the 20 consecutive trading days ending the third trading day before the date of acceleration notice; or
 - ii. the lowest price at which Common Shares of the Company were issued at any time after March 16, 2011 and prior to the exercise of the Acceleration Option.

On March 21, 2011, the Company issued 8,600,000 Common Shares to the Optionor at a deemed price of \$0.15 per share (totaling \$1,290,000) for the partial exercise of the Option Agreement.

The Company has commenced a work program with respect to the Sugarloaf Property in April 2011. As a result, there were no exploration costs incurred during the nine months ended March 31, 2011.

Maggie Gold Property

In February 2009, the Company acquired five mineral claims (the “Maggie Gold Property”) located near Squamish, British Columbia for cash consideration of \$40,000. After the partial exercise of the Option Agreement, management decided to focus on the exploration of the Sugarloaf Property. As a result, the Company disposed of the Maggie Gold Property to Arris Holdings Inc., a public company with a director who is a former director of the Company for \$7,500 on March 22, 2011 and recorded a \$32,500 loss from disposition of mineral properties for the quarter ended March 31, 2011.

The continuity of the Company’s mineral properties is as follows:

	Acquisition Cost	Accumulated Deferred	
The Maggie Gold Property	(\$)	Exploration Cost (\$)	Total (\$)
Balance, June 30, 2010	40,000	-	40,000
Disposition	(40,000)	-	(40,000)
Balance, March 31, 2011	-	-	-
The Sugarloaf Property			
Balance, June 30, 2010	-	-	-
Addition	1,290,000	-	1,290,000
Balance, March 31, 2011	1,290,000	-	1,290,000

CHOICE GOLD CORP.

(Formerly CLI Resources Inc.)

Notes to the Financial Statements

For the Three and Nine Months Ended March 31, 2011

(Unaudited – Expressed in Canadian Dollars)

4. CAPITAL STOCK

a. Authorized: Unlimited number of common shares and preferred shares without par value

b. Issued and Outstanding:

	Number of Common Shares	Amount (\$)
Balance, June 30, 2010	19,583,372	127,185
Share purchase warrants exercise, December 20, 2010 (Note 4d)	2,000,000	180,000
Private placement (March 21, 2011):		
- shares issued for cash	10,090,000	1,026,880
- Subscription receivable as at March 31, 2011	-	(75,000)
- shares issued for success fees	400,000	-
Shares issued for partial exercise of Option Agreement (Note 3)	8,600,000	1,290,000
Balance, March 31, 2011	40,673,372	2,549,065

The Company has not issued preferred shares since inception and did not have any outstanding preferred shares as at March 31, 2011.

On March 21, 2011, the Company completed a private placement (the “Offering”), issuing 10,090,000 units (the “Units”) at \$0.15 per Unit. Each Unit consisted of one common share and one-half (1/2) of one (1) share purchase warrant (the “Warrants”). Each whole Warrant entitles the holder to purchase, on exercise, one additional common share at a price of \$0.30 for a period of two years from closing of the Offering, subject to acceleration. The Company issued 10,090,000 common shares and 5,045,000 Warrants from this Offering and raised a gross amount of \$1,513,500. The fair value of the Warrants is \$383,420.

In connection with this Offering, the Company paid \$60,000 cash, issued 600,000 share purchase warrants (the “Agent Warrants”), and 400,000 common shares of the Company as finder’s fees and success fees. Each Agent Warrant is convertible into one common share in the equity of the Company at an exercise price of \$0.20 per share for a period of two years. The fair value of the Agent Warrants is \$43,200. As a result, the Company has charged share capital \$1,026,800 which is \$1,513,500 gross proceeds net of cash payment of \$60,000, \$43,200 and \$383,420 for the issuance of the Agent Warrants and Warrants respectively.

The Company used the Black-Scholes option pricing model and the following assumptions to determine the fair value of the Warrants and Agent Warrants described above: Risk-free interest rate of 1.77%, dividend yield of 0%, expected volatility of 180% and expected life of 2 years.

As at March 31, 2011, the Company had \$75,000 subscription receivable in connection with this Offering. The receivable was received subsequently in April 2011.

CHOICE GOLD CORP.

(Formerly CLI Resources Inc.)

Notes to the Financial Statements

For the Three and Nine Months Ended March 31, 2011

(Unaudited – Expressed in Canadian Dollars)

4. CAPITAL STOCK (Continued)

c. Stock Options:

The Company has an incentive stock option plan (the "Option Plan") whereby the Board of Directors of the Company may, from time to time, in accordance with CNSX requirements, grant to directors, officers, employees, management companies and consultants to the Company, non-transferable options to purchase common shares. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant.

The Company granted options to various directors and consultants during the quarter ended March 31, 2011. Continuity and details of the stock options are as follows:

Balance June 30, 2010	Issuance	Grant Date	Exercise/ Forfeiture/ Cancellation	Balance March 31, 2011	Exercise price \$	Expiry Date	Exercisable as at 3/31/2011	Fair Value/ Option (\$)
-	2,150,000	March 3, 2011	-	2,150,000	0.150	March 3, 2016	-	0.095
-	1,000,000	March 22, 2011	-	1,000,000	0.300	March 22, 2016	-	0.093
-	500,000	March 29, 2011	-	500,000	0.305	March 29, 2016	-	0.292
-	150,000	March 29, 2011	-	150,000	0.350	March 29, 2016	-	0.336
-	3,800,000	-	-	3,800,000			-	

As at March 31, 2011, the weighted average remaining life and weighted average exercise price of the outstanding stock options is 4.95 years and \$0.22 per share respectively.

The Company used the Black-Scholes option pricing model and the following assumptions to determine the fair values of the stock options described above: Risk-free interest rate of 2.71%, dividend yield of 0%, expected volatility of 180% and expected life of 5 years.

These stock options will vest and become exercisable in four equal tranches at three, six, nine, and 12 months from the grant date. The stock-based compensation recorded during the quarter ended March 31, 2011 is \$3,888.

CHOICE GOLD CORP.

(Formerly CLI Resources Inc.)

Notes to the Financial Statements

For the Three and Nine Months Ended March 31, 2011

(Unaudited – Expressed in Canadian Dollars)

4. CAPITAL STOCK (Continued)

d. Share purchase warrants:

The continuity of the Company's share purchase warrants are as follows:

Balance June 30, 2010	Issuance	Exercise	Balance March 31, 2011	Exercise price \$	Expiry Date	Exercisable as at 3/31/2011
2,000,000	-	(2,000,000) (i)	-	0.07	n/a	-
-	5,045,000 (ii)	-	5,045,000	0.30	March 21, 2013	5,045,000
-	600,000(iii)	-	600,000	0.20	March 21, 2013	600,000
2,000,000	5,645,000	(2,000,000) (i)	5,645,000			5,645,000

As at March 31, 2011, the weighted average remaining life and weighted average exercise price of the outstanding share purchase warrants is 1.98 years and \$0.29 per share respectively.

(i) On December 20, 2010, 2,000,000 share purchase warrants were exercised into common shares at 0.07 per share with proceeds totaling \$140,000. The amount of \$40,000 that had been previously allocated to the contributed surplus at the issuance of these 2,000,000 warrants was re-allocated to the Company's share capital when these warrants were exercised. As a result of the exercise, the share capital was increased by \$180,000 at the exercise.

(ii) The Company issued 5,045,000 share purchase warrants for the Offering (Note 4b)

(iii) The Company issued 600,000 share purchase warrants for finder's fees in connection with the Offering (Note 4b)

e. Contributed surplus:

The Continuity of the Company's contributed surplus is as follows:

	Amount (\$)
Balance, June 30, 2010	40,000
Share purchase warrants exercised (Note 4d)	(40,000)
Issuance of 5,045,000 warrants for the private placement (Note 4b)	383,420
Issuance of 600,000 warrants for finder's fees (Note 4b)	43,200
Stock-based compensation (Note 4c)	3,888
Balance, March 31, 2011	430,508

CHOICE GOLD CORP.

(Formerly CLI Resources Inc.)

Notes to the Financial Statements

For the Three and Nine Months Ended March 31, 2011

(Unaudited – Expressed in Canadian Dollars)

5. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2011, the Company was charged \$10,000 in consulting fees by Beta Resource Consultants Inc. (“Beta”), a company controlled by the Company’s Senior Vice President (2010 - \$nil).

The transactions with Beta have occurred in the normal course of operations and have been measured at exchange amounts agreed by both parties. As at March 31, 2011, the Company’s accounts payable and accrued liabilities balance included a \$10,000 balance owing to Beta (2010 - \$nil). This related-party payable is un-secured and non-interest bearing.

6. SUBSEQUENT EVENTS

Sugarloaf Property

Subsequent to the quarter ended March 31, 2011, the Company paid the Optionor \$250,000 cash in accordance with the payment schedule in the Option Agreement.

Issuance of Common Shares and Stock Options

The Company issued 250,000 common shares and 50,000 stock options on April 15 and April 20, 2011 respectively to various consultants for signing bonus and remuneration.

SCHEDULE “C”

MD&A



CHOICE GOLD CORP.

(Formerly CLI Resources Inc.)

Management's Discussion & Analysis

For the three and nine months ended March 31, 2011

This MD&A is dated May 24, 2011

**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2011**

FORM 51-102F1

FORWARD LOOKING STATEMENTS

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties, including, but not limited to, future mining properties exploration plans including risks associated with the costs of mineral exploration, whether a mineral deposit will be commercially viable, the fluctuating nature of metal prices, Canadian and foreign government regulations regarding mining, environmental hazards, environmental protection regulations, as well as our evaluation of the impacts of the adoption of International Financial Reporting Standards in the future and also those identified in the Risks & Uncertainties section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and while many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. Choice Gold Corp. has no intention and undertakes no obligation to update or revise any forward-looking statements, whether written or oral that may be made by or on the Company's behalf.

DATE AND SUBJECT OF REPORT

The following Management's Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of the operations of Choice Gold Corp. ("Choice Gold" or the "Company") for the three and nine months ended March 31, 2011. This MD&A should be read in conjunction with the unaudited interim financial statements for the same period which are available on SEDAR at www.sedar.com. The MD&A has been prepared effective as of May 24, 2011.

OVERALL PERFORMANCE

Choice Gold Corp. was incorporated on October 16, 2009 and changed its name from CLI Resources Inc. to Choice Gold Corp. on March 17, 2011. The Company is an exploration and development stage company, our principal business is the exploration and development of mining properties. The Company's Common Shares trade on the Canadian National Stock Exchange ("CNSX") under the symbol CHF (prior to March 21, 2011 the symbol was LIC).

Mineral Properties

As of the date of this MD&A the Company has not commenced exploration on the mineral properties owned nor recorded any deferred exploration costs. Details of the mineral properties owned as at March 31, 2011 are as follows:

Sugarloaf Peak Property

During the quarter ended March 31, 2011, the Company entered into a definitive option agreement dated March 16, 2011 (the "Option Agreement") with Riverside Resources Inc. (the "Optionor"). The Option Agreement grants the Company the option (the "Option") to acquire a 100% interest in the Sugarloaf Peak Property (the "Sugarloaf Property"), which covers over 12 km² located west of Quartzsite, Arizona.

Under the Option Agreement, the Company may exercise the Option to acquire the Sugarloaf Property by making cash payments, issuing Common Shares ("Common Shares") of the Company to the Optionor, and incurring exploration expenditures on the Sugarloaf Property on or before the dates shown in the following schedule:

Date	Cash Payment (\$)	Number of Common Shares issued	Exploration Expenditure (\$)
1. Three business day after the Option Agreement is approved by CNSX and the Company's shareholders	250,000	4,300,000	n/a
2. The earlier of: (a) four months after the Effective date ⁽ⁱ⁾ (b) completion of an aggregate of \$3,000,000 in financing	-	4,300,000	n/a
3. First anniversary of Effective Date	250,000	2,500,000	2,000,000
4. Second anniversary of Effective Date	500,000	1,000,000	3,500,000
5. Third anniversary of Effective Date	750,000	1,500,000	n/a
Total	1,750,000	13,600,000	5,500,000

⁽ⁱ⁾ The Effective Date is March 7, 2011

At any time after the first anniversary of the Effective Date, the Company may exercise an acceleration option (the "Acceleration Option") to complete the acquisition of the 100% interest of the Sugarloaf Property. In the event that the Company exercises the Acceleration Option, the Company will be required to:

- a) pay the Optionor a further \$1,500,000 cash; and
- b) issue, to the Optionor, Common Shares of the Company equal to \$2,000,000 divided by the Acceleration Option share price. The Acceleration Option share price is the lower of:
 - i. the volume weighted average price per share during the 20 consecutive trading days ending the third trading day before the date of acceleration notice; or
 - ii. the lowest price at which Common Shares of the Company were issued at any time after March 16, 2011 and prior to the exercise of the Acceleration Option.

On March 21, 2011, the Company issued 8,600,000 Common Shares to the Optionor at a deemed price of \$0.15 per share (totaling \$1,290,000) for the partial exercise of the Option

Agreement. On April 8, 2011, subsequent to the end of the current quarter, the Company paid \$250,000 to the Optionor in accordance with the payment schedule presented as above.

The Company commenced a work program with respect to the Sugarloaf Property in April 2011. As a result, there were no exploration costs incurred during the nine months ended March 31, 2011.

Maggie Gold Property

In February 2009, the Company acquired five mineral claims (the "Maggie Gold Property") located near Squamish, British Columbia for cash consideration of \$40,000. After the partial exercise of the Option Agreement, management decided to focus its efforts on the exploration of the Sugarloaf Property. As a result, the Company disposed of the Maggie Gold Property to Arris Holdings Inc., a public company with a director who was a former director of the Company. The Company received cash consideration of \$7,500 on March 22, 2011 and recorded a loss from the disposition of mineral properties of \$32,500 for the quarter ended March 31, 2011.

The continuity of the Company's mineral properties is as follows:

		Accumulated Deferred	
The Maggie Gold Property	Acquisition Cost	Exploration Cost	Total
Balance, June 30, 2010	\$ 40,000	\$ -	\$ 40,000
Disposition	(40,000)	-	(40,000)
Balance, March 31, 2011	\$ -	\$ -	\$ -

		Accumulated Deferred	
The Sugarloaf Property	Acquisition Cost	Exploration Cost	Total
Balance, June 30, 2010	\$ -	\$ -	\$ -
Addition	1,290,000	-	1,290,000
Balance, March 31, 2011	\$ 1,290,000	\$ -	\$ 1,290,000

Corporate Development

Exercise of Share Purchase Warrants

On December 20, 2010, 2,000,000 share purchase warrants issued in April 2010 were exercised into Common Shares at \$0.07 per share for cash proceeds totaling \$140,000. The amount of \$40,000 that had been previously allocated to the contributed surplus at the issuance of these 2,000,000 warrants was re-allocated to the Company's share capital when these warrants were exercised. As a result of the exercise, the Company's share capital was increased by \$180,000 and the Company's number of outstanding Common Shares was increased by 2,000,000.

Private Placement

On March 21, 2011, the Company completed a private placement (the "Offering") comprised of 10,090,000 units (the "Units") at \$0.15 per Unit. Each Unit consists of one Common Share and one-half (1/2) of one (1) share purchase warrant (the "Warrants"). Each whole Warrant entitles the holder to purchase, on exercise, one additional Common Share at a price of \$0.30 for a period of two years from closing of the Offering, subject to acceleration. The Company issued 10,090,000 Common Shares and 5,045,000 Warrants from this Offering and raised a gross amount of \$1,513,500. The fair value of the Warrants is \$383,420.

In connection with this Offering, the Company paid \$60,000 cash, issued 600,000 share purchase warrants (the "Agent Warrants"), and 400,000 Common Shares of the Company as finder's fees and success fees. Each Agent Warrant can be converted into one Common Share in the equity of the Company at an exercise price of \$0.20 per share for a period of two years. The fair value of the Agent's Warrants is \$43,200. As a result, the Company has charged share capital \$1,026,800 which is \$1,513,500 gross proceeds net of the cash payment of \$60,000, plus \$43,200 and \$383,420 for the issuance of the Agent Warrants and Warrants respectively.

As at March 31, 2011, the Company had \$75,000 subscription receivable in connection with this Offering. The receivable was received subsequently in April 2011.

Stock Options

The Company has an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may, from time to time, in accordance with CNSX policy, grant to directors, officers, employees, management companies and consultants of the Company, non-transferable options to purchase Common Shares. Included in the Option Plan are provisions that provide that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares of the Company. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant.

The Company granted 3,800,000 stock options to various directors and consultants during the quarter ended March 31, 2011 with exercise prices ranging from \$0.15 to \$0.35 per share. These stock options will vest and become exercisable in four equal tranches at three, six, nine, and 12 months from the grant dates and will expire five years from the grant dates. The stock-based compensation recorded during the quarter ended March 31, 2011 is \$3,888.

Stock Options and Shares issued after March 31, 2011

Subsequent to the end of current quarter, the Company issued 250,000 Common Shares and 50,000 stock options on April 15 and April 20, 2011, respectively, to various consultants to account for signing bonus and remuneration.

SUMMARY OF QUARTERLY RESULTS

The table below sets out the quarterly information of the Company's since incorporation.

	Three Months Ended				October 16 to	
	March	December	September	June 30,	March	December 31,
	31, 2011	31, 2010	30, 2010	2010	31, 2010	2009
	\$	\$	\$	\$	\$	\$
Total Revenue	--	--	--	--	--	--
Interest income	--	--	--	--	--	--
Expenses	85,003	30,560	25,281	53,020	2,603	4,000
Net income (loss)	(117,503)	(30,560)	(25,281)	(120,205)	(2,603)	(4,000)
Net income (loss) per share, basic and diluted	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.01)	(\$2,603)	(\$4,000)

RESULTS OF OPERATIONS

For the Three Months Ended March 31, 2011

Loss for the current quarter is \$117,503 (2010-loss \$2,603). The \$117,503 loss was a combined result of incurring \$85,003 (2010 - \$2,603) in operating expenses and loss of \$32,500 from the disposition of its Maggie Gold Property (discussed in the "Mineral Properties" section). Main components of the operating expenses in the current quarter were \$10,516 in consulting fees (2010-\$nil), \$20,539 for website development (2010-\$nil), and \$30,076 for professional fees (2010-\$448).

The Company was incorporated on October 16, 2009. The Company did not commence its business activities and did not incur significant operating expenses during the same quarter last year. This year, to the contrary, the Company has stepped up its operations, entering into the Option Agreement to acquire the Sugarloaf Property, and completing an equity financing (for the gross proceeds of \$1,513,500) to finance the partial exercise of the Option Agreement during the current quarter. As a result, operating expenses have increased with the increased business activity.

As at March 31, 2011, the Company had cash of \$1,383,997 (June 30, 2010-\$27,894), Mineral properties \$1,290,000 (June 30, 2010 - \$40,000), accounts payable and accrued liabilities of \$22,242 (June 30, 2010-\$29,004).

The increase in cash is mainly a combined result of the Offering that raised gross proceeds of \$1,513,500 and the exercise of warrants for \$140,000 (discussed in the "Corporate Development" section). The increase in mineral properties is a combined result of the partial exercise of the Option Agreement for the acquisition of the Sugarloaf Property and the disposition of the Maggie

Gold property (discussed in the “Mineral Properties” section). The Company expects mineral properties will further increase when the Company makes further payments and incurs exploration expenditures in accordance with the schedule set forth in the Option Agreement, which is presented in the “Sugarloaf Peak Properties” section.

For the Nine Months Ended March 31, 2011

Loss for the current nine-month period is \$173,344 (2010-loss \$6,603). The \$173,344 loss was a combined result of incurring \$140,844 (2010 - \$6,603) in operating expenses and the \$32,500 loss from the disposition of the Company’s Maggie Gold Property (discussed in the “Mineral Properties” section). Main components of the operating expenses in the current period were \$40,566 in consulting fees (2010-\$nil), \$20,539 for website development expenses (2010-\$nil), and \$36,467 for professional fees (2010-\$4,448).

The Company was incorporated on October 16, 2009. The Company did not engage in any business activities from October 16, 2009 to March 3, 2010 and incurred only small operating expenses during this period in the last year. However, the Company has stepped up its business activities in quarter three of fiscal 2011. As a result, the operating expenses incurred in the first nine months of 2011 are much higher than those incurred in the last year.

LIQUIDITY & CAPITAL RESOURCES

Financing of operations is achieved primarily by issuing shares of the Company. On March 31, 2011, the Company had a cash balance of \$1,383,997 and a working capital of \$1,389,421. The Company is not subject to external working capital requirements.

During the quarter ended March 31, 2011, the Company received \$1,378,500 cash from the private placement that closed in March 2011. The Company did not use cash in its investing activities during this quarter.

As discussed in the “Mineral Properties” section, the Company is required to pay the Optionor \$1,750,000 and to incur \$5,500,000 in exploration expenditures in connection with the Option Agreement for the acquisition of the Sugarloaf Property in a three-year period commencing March 7, 2011. Management realizes that the liquidity and capital resources on hand may not be adequate for the Company to maintain its operations, commence required exploration activities, and conduct its investments when needed on a long term basis. Management is considering financing the Company’s operation and investments by additional equity financing. While the Company was able to raise additional financing when needed in the past, there is no guarantee that the Company can do so in the future.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company does not have any proposed transactions to discuss at this time.

TRANSACTIONS WITH RELATED PARTIES

During the three months ended March 31, 2011, the Company was charged \$10,000 in consulting fees by Beta Resource Consultants Inc. ("Beta"), a company controlled by the Company's Senior Vice President, Mac Bell (2010 - \$nil).

The transactions with Beta have occurred in the normal course of operations and have been measured at exchange amounts agreed by both parties. As at March 31, 2011, the Company's accounts payable and accrued liabilities balance included a \$10,000 balance owing to Beta (2010 - \$nil). This related-party payable is un-secured and non-interest bearing.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 40,923,372 Common Shares, 5,645,000 share purchase warrants, and 3,850,000 stock options issued and outstanding. Each share purchase warrant and stock option is exercisable into one Common Share of the Company. Other features of the share purchase warrants and stock options are as follows:

Number of warrants	Exercise price \$	Expiry Date	Exercisable as at the date of this MD&A
5,045,000	0.30	March 21, 2013	5,045,000
600,000	0.20	March 21, 2013	600,000
5,645,000			5,645,000

Number of stock option	Exercise price \$	Expiry Date	Exercisable as at the date of this MD&A
2,150,000	0.150	March 3, 2016	-
1,000,000	0.300	March 22, 2016	-
500,000	0.305	March 29, 2016	-
150,000	0.350	March 29, 2016	-
50,000	0.465	April 26, 2016	-
3,850,000			-

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In February 2008, the Canadian Accounting Standards Board announced that 2011 is the changeover date for publicly accountable profit-oriented enterprises to use IFRS, replacing Canadian GAAP for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Due to the Company's June 30 fiscal yearend, the Company will adopt IFRS commencing July 1, 2011 and will restate the financial statements (for comparative purposes) reported by the Company for the year ended June 30, 2011. In light of these requirements, the Company has adopted a four phase approach to ensure successful conversion to IFRS, including:

Phase 1 - diagnostic impact assessment: This phase is essentially completed.

Phase 2 - design and planning: to identify specific changes required to existing accounting policies, information system, and business processes. This phase is essentially completed.

Phase 3 – solution development: to develop the Company’s accounting policies among alternatives allowed under IFRS and the draft of IFRS financial statements. This phase is in the progress

Phase 4 – implementation: to execute the changes to information systems and business processes, completing formal authorization processes to approve recommended accounting policies changes and training programs across the Company’s finance and other staff, as needed. This phase is in the progress.

The Company has completed the diagnostic impact assessment and has identified the following areas to date that may impact the financial statements under IFRS, including:

Areas	Canadian GAAP (as currently applied)	IFRS	Analysis and preliminary conclusion
Mineral properties	The evaluation and exploration cost of unproven mineral rights are deferred and amortized when production is commenced	Allows exploration and acquisition costs to be either capitalized or expensed.	The existing accounting policy is likely to be maintained
Impairment of long-lived assets	<p>1. Impairment test of the long-lived asset are performed when there is an indication the carrying value may not be recoverable.</p> <p>2. The impairment test is a two-step process. An asset (group) is first assessed as to whether impairment exists based on whether the asset’s (group’s) carrying value exceeds the undiscounted future cash flow of the asset (group). If an impairment exists,</p>	<p>1. Like Canadian GAAP, Impairment is considered when there is an indicator of impairment.</p> <p>2. The impairment test is a one-step process. An impairment loss is recognized if the asset’s (group’s) carrying value exceeds its recoverable amount, which is the greater of fair value less costs to sell and value in use (based on the net present value</p>	<p>1. No significant impact.</p> <p>2. Impairment tests under IFRS could generate a greater likelihood of write downs in the future.</p>

	<p>then the impairment loss is measured based on the excess of carrying value over the fair value of the asset (group)</p> <p>3. Write downs to net realizable value are permanent.</p>	<p>of future cash flow).</p> <p>3. write downs to net realizable value can be reversed if the conditions of impairment cease to exist</p>	<p>3. Potential increasing volatility in profit and loss could arise as a result of the difference in the treatment of write downs in the future.</p>
Income taxes	<p>Deferred income tax assets are recognized to the extent that it is “more likely than not” that the deferred income tax assets will be realized</p>	<p>Deferred income tax assets are recognized to the extent it is “probable” that the taxable profit will be realized.</p>	<p>The term “Probable” is not defined in IAS 12. However, entities have often used a definition of “more likely than not” similar to Canadian GAAP. Accordingly, our preliminary conclusion is that there is no significant impact.</p>

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Critical Accounting Policies

Refer to Note 2 to the Company’s unaudited interim financial statements for the three and nine months ended March 31, 2011, which are available at www.SEDAR.com.

Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting periods. These estimates are based on past experience, industry trends and known commitments and events. By their nature, these estimates are subject to measurement uncertainty and the effects on the financial statements of changes in such estimates in future periods could be significant. Actual results will likely differ from those estimates.

Significant areas requiring the use of management estimates relate to the useful life and recoverability of mineral properties and asset retirement obligations, assumptions used in the determination of the fair value of stock-based compensation, assumptions used in bifurcating warrants attached to units sold in private placements, assumptions used in determining the fair value of financial instruments and future income tax asset valuation allowances.

RISK FACTORS

Risks of the Company's business include the following:

Mining Industry

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of ore, including unusual and unexpected geology formations, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

The Company's mineral exploration activities are directed towards the search, evaluation and development of mineral deposits. There is no certainty that the expenditures to be made by the Company as described herein will result in discoveries of commercial quantities of ore. There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other interests, many of which have greater financial resources than it will have for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

Government Regulation

The exploration activities of the Company are subject to various federal, provincial and local laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substance and other matters. Exploration activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards, and land reclamation. These laws also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste.

Although the Company's exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration, mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

Permits and Licenses

The exploitation and development of mineral properties may require the Company to obtain regulatory or other permits and licenses from various governmental licensing bodies. There can be no assurance that the Company will be able to obtain all necessary permits and licenses that may be required to carry out exploration, development and mining operations on its properties.

Environmental Risks and Hazards

All phases of the Company's mineral exploration operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees.

There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present, which have been caused, by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability. Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital

expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Production of mineral properties may involve the use of dangerous and hazardous substances such as sodium cyanide. While all steps will be taken to prevent discharges of pollutants into the ground water the environment, the Company may become subject to liability for hazards that cannot be insured against.

Commodity Prices

The profitability of mining operations is significantly affected by changes in the market price of gold and other minerals. The level of interest rates, the rate of inflation, world supply of these minerals and stability of exchange rates can all cause significant fluctuations in base metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of gold and other minerals has fluctuated widely in recent years, and future serious price declines could cause continued commercial production to be impracticable.

Depending on the price of gold and other minerals, cash flow from mining operations may not be sufficient. Any figures for reserves presented by the Company will be estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Market fluctuations and the price of gold and other minerals may render reserves uneconomical. Moreover, short-term operating factors relating to the reserves, such as the need for orderly development of the ore bodies or the processing of new or different grades of ore, may cause a mining operation to be unprofitable in any particular accounting period.

Uninsured Risks

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include environmental pollution or other hazards against which such corporations cannot insure or against which they may elect not to insure.

Conflicts of Interest

Certain of the directors of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly

and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Land Title

Although the Company has obtained title opinions with respect to certain of its properties, there may still be undetected title defects affecting such properties. Accordingly, such properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects which could have a material adverse impact on the Company's operations.

FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

Venture issuers are not required to include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109"). In particular, the Company's certifying officers are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's generally accepted accounting principles.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that inherent limitations on the ability of the Company's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

OFFICERS AND DIRECTORS

Gianni Kovacevic, President, CEO & Chairman
Jamie Lewin, Chief Financial Officer
Dr. John Mark Staude, Director
Terence S. Ortslan, Director
Mac Bell, Senior Vice President

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