

Jiulian Resources Inc.

Interim Financial Statements Expressed in Canadian Dollars

**Three Months Ended May 31, 2007
(Unaudited)**

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Financial Statements

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The interim financial statements of Jiulian Resources Inc. for the first quarter ended May 31, 2007 were prepared by management. They have not been reviewed by the Company's independent external auditor.

Jiulian Resources Inc.**Balance Sheet****As at May 31, 2007**

| | May 31, 2007 | February 28, 2007 |
|---|---------------------|--------------------------|
| | In CAD\$ | In CAD\$ |
| | (Unaudited) | (Audited) |
| ASSETS | | |
| Current | | |
| Cash | \$ 55,248 | \$ 40,997 |
| Term deposit (Note 3) | 50,367 | 100,249 |
| Goods and services tax recoverable | 1,617 | 48 |
| | 107,232 | 141,294 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current | | |
| Accounts payable and accrued liabilities | 1,912 | 10,000 |
| Due to related party (Note 5) | 10,078 | 10,078 |
| | 11,990 | 20,078 |
| Shareholders' Equity | | |
| Share capital (Note 4) | 135,000 | 135,000 |
| Accumulated deficit | (39,758) | (13,784) |
| | 95,242 | 121,216 |
| | \$ 107,232 | \$ 141,294 |

- Continuance of operations (Note 1)

- Subsequent events (Note 6)

On behalf of the Board:

“Charlie Cheng”

Director

“James Zhang”

Director

See accompanying notes to the financial statements

Jiulian Resources Inc.
Statement of Operations and Deficit
Expressed in Canadian Dollars

| | Three Months Ended May 31, 2007 (Unaudited) | Period from Incorporation on October 17, 2006 to February 28, 2007 (audited) |
|---|--|---|
| ADMINISTRATION EXPENSES | | |
| Accounting and audit | \$ 0 | \$ 7,500 |
| Bank charges | 100 | 47 |
| Filing and transfer agent fees | 20,574 | 1,284 |
| Legal | 6,133 | 2,500 |
| Office, administration | 0 | 125 |
| Travel and related expenses | 0 | 2,970 |
| Loss before other item | 26,807 | 14,426 |
| OTHER ITEM | | |
| Interest income | (833) | (642) |
| Net Loss | (25,974) | (13,784) |
| Deficit, beginning of period | 0 | 0 |
| Deficit, end of period | \$ (25,974) | \$ (13,784) |
| Basic and diluted loss per common share | \$ - | \$ - |
| Weighted average number of common shares outstanding | - | - |

Loss per share has not been presented since the outstanding shares at May 31, 2007 are escrow shares that are contingently returnable and are excluded from the loss per share calculation.

See accompanying notes to the financial statements

Jiulian Resources Inc.
Statement of Cash Flows
Expressed in Canadian Dollars

| | Three Months Ended May 31, 2007 (Unaudited) | Period from Incorporation on October 17, 2006 to February 28, 2007 (Audited) |
|---|--|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss for the period | \$ (25,974) | \$ (13,784) |
| Changes in non-cash working capital items | | |
| Accrued interest on term deposit | (118) | (249) |
| Goods and services tax recoverable | (1,569) | (48) |
| Accounts payable and accrued liabilities | (8,088) | 10,000 |
| Total change in non-cash working capital | (35,749) | (4,081) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Advance from related party | 0 | 10,078 |
| Proceeds from issuance of shares | 0 | 135,000 |
| | 0 | 145,078 |
| CASH FLOWS FROM INVESTING ACTIVITY | | |
| Acquisition of term deposit | 50,000 | (100,000) |
| Decrease in cash | 4,251 | 40,997 |
| Cash, beginning of period | 40,997 | 0 |
| Cash, end of period | \$ 55,248 | \$ 40,997 |

See accompanying notes to the financial statements

Jiulian Resources Inc.

Notes to Financial Statements

May 31, 2007

Note 1 NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated on October 17, 2006 under the laws of British Columbia. It is a capital pool corporation as defined in the TSX Venture Exchange (the "Exchange") Policy 2.4, and accordingly, its principal purpose is to use its capital to investigate and acquire an asset or assets sufficient for the Company to meet the minimum listing requirements of the Exchange as a Tier 1 or Tier 2 issuer (referred to as a "Qualifying Transaction").

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("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.

The Exchange may suspend from trading or delist the listed shares of the Company where the Company has not completed its Qualifying Transaction within twenty four months following the date of listing of the Company's shares on the Exchange. The Qualifying Transaction will be subject to regulatory approval and may be subject to shareholder approval.

Note 2 SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with Canadian GAAP and are stated in Canadian dollars.

a) **Estimates and Assumptions**

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

b) **Income taxes**

Future income taxes relate to the expected future tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax values. Future income tax assets, if any, are recognized only to the extent that, in the opinion of management, it is more likely than not that the future income tax assets will be realized. Future income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates at the date of enactment or substantive enactment.

Jiulian Resources Inc.

Notes to Financial Statements

May 31, 2007

Note 2 **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

c) **Loss per Share**

Loss per share computation is based on the weighted average number of common shares outstanding during the period. The shares outstanding at May 31, 2007 have been excluded from the weighted average number of shares because they are contingently returnable.

d) **Term Deposit**

Term deposit is valued at the lower of cost and market.

e) **Financial instruments**

The Company's financial instruments consist of cash, term deposit, accounts payable and accrued liabilities, and amount due to related party. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from its financial instruments, since all cash and the term deposit are placed with a major Canadian financial institution and their fair values approximate their carrying values except where separately disclosed.

f) **Stock Based Compensation**

The fair value of stock options granted is determined using the Black-Scholes options pricing method and is expensed over the period of vesting. Any consideration paid on the exercise of stock option is credited to capital stock.

Note 3 **TERM DEPOSIT**

Guaranteed investment certificate at cost plus accrued interest at prime rate minus 2.45% per annum, with maturity date on February 1, 2008.

Note 4 **SHARE CAPITAL**

a) **Authorized:**

Unlimited number of common shares without par value

b) **Escrow Shares:**

As of the period ended May 31, 2007, the Company issued 2,700,000 common shares at a price of \$0.05 per share for a total of \$135,000 cash. These shares were subscribed for by the Company's directors, allotted from treasury, and held in escrow.

Jiulian Resources Inc.**Notes to Financial Statements****May 31, 2007**

Note 4 SHARE CAPITAL (CONT'D)

The shares will be released from escrow upon issuance of notice of final acceptance of a Qualifying Transaction by the Exchange. Such releases will either be over a period of 18 months or 3 years depending on the valuation of the assets acquired and on the determination as to the Tier upon which the Company's shares are listed. While escrowed, the escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the Exchange.

Note 5 RELATED PARTY TRANSACTION

During the period, the Company received a loan from a director of the Company in the amount of \$10,078. The loan is unsecured, non-interest bearing and has no specific date of repayment. Accordingly the fair value cannot be determined.

Note 6 SUBSEQUENT EVENTS

- a) On May 18, 2007, final receipts of the regulators for British Columbia and Alberta were received by the Company for its final prospectus dated May 14, 2007 qualifying an initial public offering ("IPO") of 2,000,000 common shares of the Company at \$0.10 per share for gross proceeds of \$200,000.
- b) On June 19, 2007, the Company completed the IPO and received net proceeds of \$174,091, after deducting agent's fees and commissions. Pursuant to an agency agreement with Leede Financial Markets Inc. (the "agent"), the agent received a commission of 10% of the gross proceeds. The Company also granted the agent a non-transferable option to purchase 200,000 common shares at an exercise price of \$0.10 per common share exercisable for a period of 24 months from the date of listing of the common shares on the Exchange.
- c) On June 19th, 2007, the Company granted stock options to directors and officers of the Company to purchase up to a total of 350,000 common shares at an exercise price of \$0.10 per common share for a period of 5 years from the date of grant.
- d) On June 21, 2007, the common shares of the Company were listed and commenced trading on the Exchange. The Company's trading symbol is JLR.P.