

**FORM 51-102F1**  
**Management Discussion and Analysis**  
**Jiulian Resources Inc.**  
**Three Months Ended May 31, 2007**

*The following discussion and analysis should be read in conjunction with the unaudited financial statements of Jiulian Resources Inc. (the "Corporation") for the period ended May 31, 2007 including the notes therein. These interim financial statements have been prepared by management and have not been reviewed by the Company's independent external auditor. Additional information relevant to the Corporation is available for review on SEDAR at [www.sedar.com](http://www.sedar.com).*

**Date: July 20, 2007**

### **General Overview**

The Corporation was incorporated on October 17, 2006 under the laws of British Columbia as a Capital Pool Company ("CPC") defined in CPC Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The Corporation completed its initial public offering ("IPO") on June 19, 2007, and its shares were listed and commenced trading on the Exchange on June 4, 2007, under the symbol "JLR.P". The Company's principal purpose is to identify and evaluate businesses and assets with a view to completing a "Qualifying Transaction" within twenty four months following the date of listing of the Company's shares on the Exchange as defined in the CPC Policy.

These interim financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. All dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars.

In the opinion of management, all adjustments consisting of normal recurring adjustments, considered necessary for a fair presentation of the Company's financial position, results of operations and cash flows, have been included. The Company has not commenced operations and therefore, no segmented information is available.

### **Results of Operations**

As at May 31, 2007, the Company had no active business operations. For the period from incorporation on October 17, 2007 to February 28, 2007 and first quarter ended May 31, 2007, the Corporation incurred general and administrative expenses of \$14,426 and \$26,807, respectively. Offset by interest income, net loss in those two periods were \$13,784 and \$25,974, respectively. General and administrative expenses for the three month period and from the incorporation date to the ending date of May 31, 2007 consisted of the following expenses:

	Three months ended	From October 17, 2007 ended
	May 31, 2007	May 31, 2007
Professional fees	\$ 6,133	\$ 16,133
Listing and filing fees	20,574	21,858
Miscellaneous	100	3,242
Total in CAD\$	\$ 26,807	\$ 41,233

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.

### **Liquidity**

As at May 31, 2007 and February 28, 2007, the Corporation had working capital of \$107,232 and \$141,294, respectively, including \$105,615 and \$141,246 in cash.

On June 19, 2007, the Company completed its initial public offering and received CAD \$174,091.33 in cash, after deducting agent's fees and commissions.

While the Company is a CPC, no more than 30% of the gross proceeds from the sale of securities issued by the Company may be used for general and administrative purposes (including IPO related expenses) with the balance to be available for specified expenses in connection with the identification and evaluation of assets or businesses in connection with initiating and completing a Qualifying Transaction. To date, the Company has incurred \$41,233 in permitted general and administrative expenses. The Company estimates that its monthly permitted general and administrative expenses going forward until the completion of a Qualifying Transaction, as ultimately anticipated, will be less than \$7,000 per month in average offset to some extent by interest income.

### **Capital Resources and Off-Balance Sheet Arrangements**

As of May 31, 2007, the Company had no commitments for capital expenditures and no off-balance sheet arrangements.

### **Financial Instruments and Other Instruments**

The Corporation's financial instruments consist of cash, term deposit and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair values of these financial instruments approximate their carrying values.

## **Share Capital**

On incorporation, 2,700,000 common shares were issued at a price of \$0.05 per share for proceeds of \$135,000. The 2,700,000 common shares were placed in escrow pursuant to an Exchange prescribed CPC escrow agreement and will be released in accordance with the terms of the escrow agreement.

On June 19, 2007, the Company completed its IPO of 2,000,000 common shares at \$0.10 per share for total proceeds of \$200,000.

The Corporation is authorized to issue an unlimited number of common shares. As at May 31, 2007 and as of July 20, 2007, there were 2,700,000 and 4,700,000 common shares issued and outstanding respectively in the capital of the Corporation. Of the 4,700,000 shares, there are 2,000,000 free-trading shares and the other 2,700,000 shares are held in escrow.

On June 19, 2007, the Company granted 350,000 stock options and 200,000 agent's options respective as detailed in the notes to the financial statements.

## **Qualified Business Search**

While management has assessed as of July 20, 2007 various asset acquisition proposals with a view to initiating a Qualifying Transaction, no agreement has negotiated at this time. Any Qualifying Transaction will be subject to Exchange acceptance and may be subject to shareholder approval.

**“X. Charlie Cheng”**  
President, CEO & CFO