# Jiulian Resources Inc.

**Management Discussion and Analysis**
**For the Year Ended February 29, 2008**
**(expressed in Canadian dollars unless otherwise noted)**

### 1.1 Date of Report: June 30, 2008

The following Management discussion and analysis ("MD&A") should be read in conjunction with the audited financial statements of Jiulian Resources Inc. (the "Corporation") for the year ended February 29, 2008, , including the notes therein. Additional information relevant to the Corporation is available for review on SEDAR at www.sedar.com.

Certain statements contained in the following Management Discussion and Analysis ("MD&A") may constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

### 1.2 Overall Performance:

The Corporation was incorporated on October 17, 2006 under the laws of British Columbia as a Capital Pool Company ("CPC") as 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 21, 2007, under the symbol "JLR.P".

The Corporation's principal purpose is to identify and evaluate businesses and assets with a view to completing a "Qualifying Transaction" (as defined in CPC Policy 2.4) ("QT") within twenty four months following the date of listing of the Corporation's shares on the Exchange as defined in the CPC Policy.

The QT must be approved by the Exchange, and in the case of a Non Arms Length Qualifying Transaction shareholder approval must be obtained in accordance with the CPC Policy. The Corporation has not conducted commercial operations other than activities towards completing a QT.

All financial information in this MD&A is prepared in accordance with Canadian generally accepted accounting principles and all dollar amounts are expressed in Canadian dollars unless otherwise indicted

**(expressed in Canadian dollars unless otherwise noted)**

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

### 1.3 Selected Annual Information

Jiulian Resources Inc. incurred a loss of $136,118 since the incorporation on October 17, 2006, and a loss of 122,334 for the year ended February 29, 2008. The Corporation charged stock-based compensation totaling $35,500 during the year, accounting and audit fees of $20,222, filing and agent fees of $25,955 and legal fees of $24,055 were incurred making up the majority of the remainder of the loss.

### 1.4 Results of Operations

The Corporation had no revenue to date, the costs incurred relate to its incorporation, listing on the Exchange as a Capital Pool Company and pursuit of a Qualifying Transaction.

### 1.5 Summary of Quarterly Results

| Financial Results | | | November 2007 | February 28, 2007 |
|---|---|---|---|---|
| Total Revenue | | | Nil | Nil |
| Net Loss | | | ($0) | (13,784) |
| Loss Per Share | | | | |
| Basic & Diluted | | | $0.00 | ($0.01) |
| Capital Expenditure | | | Nil | Nil |

| Financial Results | February 29, 2008 | November 2007 | August 2007 | May 2007 |
|---|---|---|---|---|
| Total Revenue | Nil | Nil | Nil | Nil |
| Net Loss | ($65,812) | 5,797 | ($36,345) | (25,974) |
| Loss Per Share | | | | |
| Basic & Diluted | ($0.01) | ($0.00) | ($0.01) | ($0.01) |
| Capital Expenditure | $2,243 | Nil | Nil | Nil |

**(expressed in Canadian dollars unless otherwise noted)**

| Balance Sheet Data | | | November 2007 | February 28, 2007 |
|---|---|---|---|---|
| Cash and Cash Equivalents | | | $0 | $141,246 |
| Prepared Expenses | | | - | - |
| GST Recoverable | | | 0 | 48 |
| Total Assets | | | 0 | 141,294 |
| Shareholders' Equity | | | $0 | $121,216 |

| Balance Sheet Data | February 29, 2008 | November 2007 | August 2007 | May 2007 |
|---|---|---|---|---|
| Cash and Cash Equivalents | $1,894,800 | $1,914,424 | $264,221 | $105,615 |
| Prepared Expenses | 1,620 | 2,626 | - | - |
| GST Recoverable | 4,242 | 3,140 | 2,379 | 1,617 |
| Total Assets | 1,902,488 | 1,922,254 | 267,620 | 107,232 |
| Shareholders' Equity | $1,854,332 | $1,909,143 | $248,962 | $95,242 |

The financial statements of the Corporation have been prepared in accordance with Canadian generally accepted accounting principles. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates, which have been made using careful judgment. Actual results may differ from these estimates.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

**a) Cash and cash equivalents**

Cash and cash equivalents include cash, bank deposits, and highly liquid investments redeemable at any time and are stated at cost, which approximates of market value. The Company minimizes its credit risk by investing in cash equivalents with a major Canadian bank. Management believes that no concentration of credit risk exists with respect to investment of its cash and cash equivalents.

### b) Equipment

Equipment is stated at cost less accumulated amortization. Amortization is provided over the estimated useful lives of the assets at the following annual rates and methods:

| | |
|---|---|
| Computer equipment | 30% using the declining balance method |

Equipment is tested for impairment when evidence of a decline in value exists. If it is determined that the carrying value of the equipment is not recoverable, a write-down to fair value is charged to earnings in the year that such a determination is made.

### c) 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 options is credited to capital stock.

### d) Accounting standards newly adopted

Effective March 1, 2007, the Corporation adopted several new accounting standards related to accounting changes, financial instruments, comprehensive income, and hedges that were issued by the Canadian Institute of Chartered Accountants ("CICA"). The new CICA standards are as follows:

Section 1506, Accounting Changes

Effective January 1, 2007, the Corporation implemented the new CICA Handbook Section 1506 "accounting changes". Under these new recommendations, voluntary changes in accounting policy are permitted only when they result in the financial statements providing reliable and more relevant information. This section requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and requires enhanced disclosures about the effects of change in accounting policies, estimates and error on the financial statements.

These recommendations also require the disclosure of new primary sources of generally accepted accounting principles that have been issued that the Company has not adopted because they are not yet in effect.

The impact the adoption of this Section will have on the Company's financial statements will depend on the nature of future accounting changes.

Section 1530, Comprehensive income

CICA Handbook Section 1530, "Comprehensive Income," was issued in January 2005 to introduce new standards for reporting and presenting comprehensive income. Comprehensive income is the change in equity (net assets) of a company during a reporting period from transactions and other events and circumstances from non--owner sources. It includes all changes in equity during a period except for changes resulting from investments by owners and distributions to owners. This section was adopted by the Corporation on March 1, 2007.

Section 3251, Equity

In January 2005, the CICA issued Handbook Section 3251, "Equity," which replaces Section 3250, "Surplus." It establishes standards for the presentation of equity and changes in equity. Financial statements for prior periods are required to be restated for certain specified adjustments. For other adjustments, the adjusted amount must be presented in the opening balance of accumulated other comprehensive income. The Corporation y adopted this Section on March 1, 2007.

Section 3855, Financial instruments – Recognition and Measurement
Section 3861, Financial Instruments -Disclosure and Presentation

In January 2005, the CICA issued Handbook Section 3855, "Financial instruments – Recognition and Measurement" and "Section 3861, Financial Instruments -Disclosure and Presentation." Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount, requiring fair value or cost-based measures under different circumstances. Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. Both sections were adopted by the Company on March 1, 2007.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are initially measured in the balance sheet at fair value. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets and liabilities are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income. Financial assets classified as held to maturity, loans and receivables and other liabilities (other than those held for trading) are required to be measured at amortized cost using the effective interest method of amortization.

As a result of the adoption of these four new standards, the Corporationy has classified its cash equivalents and investment as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other liabilities. The adoption of these standards did not have any impact on opening retained earnings nor accumulated other comprehensive income.

Section 1535, Capital Disclosures

In December 2006, the CICA issued Handbook section 1535 “Capital disclosures” which is effective for years beginning on or after October 1, 2007. The section specifies the disclosure of (i) an entity’s objectives, policies, and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. This new Section relates to disclosures and is not expected to have an impact on the Corporation’s financial results.

Section 1400, General standards for financial statement presentation

The CICA has amended Handbook Section 1400 “General standards of financial presentation, effective for periods beginning on or after January 1, 2008 to include requirements to assess and disclose the Corporation’s ability to continue as a going concern. The adoption of this new section is not expected to have an impact on the Corporation’s financial statements.

Section 3031, Inventories

In October 2007, the CICA issued Handbook Section 3031 “Inventories”. This section, which is effective for year ends beginning on or after January 1, 2008, provides more guidance on the measurement and disclosure requirements for inventories. The adoption of this new section is not expected to have an impact on the Corporation’s financial statements.

Section 3064, Goodwill and intangible assets

In February 2008, the CICA issued Handbook Section 3064 “Goodwill and intangible assets” which is required to be adopted for fiscal years beginning on or after October 1, 2008. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. The Corporation does not expect that the adoption of this new Section will have a material impact on its financial statements.

International Financial Reporting Standards

In January 2006, the CICA Accounting Standards Board (AcSB) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards (“IFRS”) by the end of 2011. The impact of the transition to IFRS on the Corporation’s financial statements has not yet been determined.

## 1.6) Liquidity

Jiulian Resources Inc. does not currently hold an interest in any other business nor does it have an interest in any fixed assets, other then office equipment directly or indirectly. The Corporation’s activities have been funded through equity financing and the Corporation expects it will continue to be able to utilize this source of financing until it develops cash flow from future operations.

There can be no assurance that Jiulian Resources Inc. will be successful in its endeavors. If such funds are not available or other sources of finance can not be obtained, then the Corporation will be forced to curtail its activities to a level for which funding is available and can be obtained.

As at February 29, 2008, the Corporation had positive working capital of $1,852,546 which included cash, and the cash equivalent or a redeemable term deposit of $1,823,222.

**(expressed in Canadian dollars unless otherwise noted)**

While the Corporation 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. The Corporation 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 $15,000 per month on average, offset to some extent by interest income.

Management believes the Corporation has sufficient funds to complete its goal of completing a Qualifying Transaction. The Corporation does not have any long term debt or capital lease commitments.

**1.7 Capital Resources and**

As of February 29, 2008, the Corporation had no commitments for capital expenditures and no off-balance sheet arrangements, other than a one-year office lease agreement listed below:

| | Year 2007 | Year 2008 | Total |
|---|---|---|---|
| Office Lease: | $850 | $14,050 | $14,900 |

**1.8 Off-Balance Sheet Arrangements**

Jiulian Resources Inc. has not entered into any off balance sheet agreements.

**1.9 Related Party Transactions**

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.

**1.10 Fourth Quarter:**

In the fourth quarter the Corporation's main focus was to identify and evaluate businesses and assets with a view to completing a QT. Cash disbursements have been minimal as listed in section 1.5 above**,** Summary of Quarterly Results.

**1.11 Proposed Transactions**

On December 20, 2007, the Corporation announced that it had entered into an initial agreement (the "Initial Agreement") dated December 19, 2007 with the Inner Mongolia Tuoye Mining Development Co. China ("Tuoye"), an Inner Mongolia, China Company for the acquisition and earn-in of up to a 98% equity interest in Tuoye's nickel-copper exploration property (the "Sunite Property") in Inner Mongolia, China. Tuoye is an exploration company registered in Hohhot City, Inner Mongolia, China, and is engaged in the exploration of mineral properties. It owns a 100% interest in the Sunite Property, consisting of five exploration permits and covering a total area of 198 $km^2$. Pursuant to the Initial Agreement but in variation thereof, the Corporation entered into an equity joint venture agreement with Tuoye on March 30, 2008, whereby the Corporation has the right to earn, prior to the triggering of a dilution provision, a minimum 85% equity interest in Tuoye in two stages. In stage I, the Corporation has the right to earn a 60% interest by investing $3.96 million in exploration. The Corporation has the option in Stage II to earn an additional 25% interest in Tuoye. The transaction is subject to the establishment of Tuoye as a foreign controlled joint venture in China, and Exchange acceptance of the transaction.

(expressed in Canadian dollars unless otherwise noted)

### 1.13 Changes in Accounting Policies including Initial Adoption

In Section 1.5 of this Management Discussion and Analysis, the Corporation's initial adoption of accounting policies is detailed. The Corporation seeks guidance from its accounting firm with the implementation of new accounting policies.

### 1.14 Financial Instruments and Other Instruments

The Corporation's financial instruments consist of cash, a term deposit, accounts payable, accrued liabilities and due to related party. It is management's opinion that the Corporation 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.

### 1.15 Other MD&A Requirements:

### Outstanding Share Data

Common Stock:

| February 29, 2008 | Common Shares | |
|---|---|---|
| | Outstanding | Amount |
| Seed shares | 2,700,000 | $135,000 |
| IPO shares | 2,000,000 | 200,000 |
| Private placements | 4,620,000 | 1,663,200 |
| Share issuance costs | - | (53,250) |
| **Total** | **9,320,000** | **$ 1,944,950** |

**(expressed in Canadian dollars unless otherwise noted)**

Options:

| Options Issued | Number of Shares | Exercise Price | Expiry Period |
|---|---|---|---|
| Granted to Agent | 200,000 | $ 0.10 | June 21, 2009 |
| Granted to Directors and officers | 350,000 | $ 0.10 | June 19, 2012 |
| Granted to Directors and officers | 40,000 | $ 0.10 | July 15, 2012 |

**Risks and Uncertainties**

Financial risks include commodity prices, interest rates and the Canadian/United States exchange rate, all of which are beyond the Corporation's control.

As of the date hereof, the Corporation has not completed a Qualifying Transaction pursuant to the policies of the TSX Venture Exchange, and there can be no assurance the Corporation will be able to complete a Qualifying Transaction within the time period permitted or at all.

Any Qualifying Transaction will be subject to Exchange acceptance and may be subject to shareholder approval.

***"X. Charlie Cheng"***
President, CEO