

# Jiulian Resources Inc.

## **Financial Statements Expressed in Canadian Dollars**

**For The Year Ended February 28, 2009**

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**Auditors' Report**

**To the Shareholders of  
Jiulian Resources Inc.**

We have audited the balance sheets of Jiulian Resources Inc. as at February 28, 2009 and February 29, 2008 and the statements of operations, comprehensive loss and deficit, and cash flows for the years then. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in these financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at February 28, 2009 and February 29, 2008, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

**Vancouver, Canada  
June 16, 2009 except note 10 which is  
dated June 24, 2009**

***"MacKay LLP"*  
Chartered Accountants**

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**Jiulian Resources Inc.**  
**Balance Sheets**  
**Expressed in Canadian Dollars**

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February 28, 2009    February 29, 2008

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**ASSETS**

**Current**

Cash	\$ 82,268	\$ 71,578
Term deposit (Note 3)	1,711,525	1,823,222
Prepaid expenses	1,650	1,620
GST recoverable	857	4,242

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	1,796,300	1,900,662
<b>Equipment</b> (Note 4)	982	1,786

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<b>TOTAL ASSETS</b>	<b>\$ 1,797,282</b>	<b>\$ 1,902,448</b>
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**LIABILITIES AND SHAREHOLDERS' EQUITY**

**Current**

Accounts payable and accrued liabilities	\$ 8,467	\$ 38,038
Due to related party (Note 5)	10,078	10,078

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	18,545	48,116
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**Shareholders' Equity**

Share capital (Note 7)	1,944,950	1,944,950
Contributed surplus (Note 7)	45,500	45,500
Deficit	(211,713)	(136,118)

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	1,778,737	1,854,332
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<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>\$ 1,797,282</b>	<b>\$ 1,902,448</b>
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- Continuance of operations (Note 1)
- Commitment (Note 9)
- Subsequent events (Note 10)

**On behalf of the Board:**

"X Charlie Cheng"

Director "Jian Hong Zhang"

Director

See accompanying notes to the financial statements

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**Jiulian Resources Inc.****Statements of Operations, Comprehensive Loss and Deficit  
Expressed in Canadian Dollars**

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	<b>Year Ended February 28, 2009</b>	<b>Year Ended February 29, 2008</b>
<b>Administration Expenses</b>		
Accounting and audit	\$ 10,628	\$ 20,222
Amortization	804	457
Bank charges	389	578
Consulting fees	21,000	-
Employee stock compensation	-	35,500
Filing and transfer agent fees	15,921	25,955
Legal	26,859	24,055
Office and administration	27,090	15,641
Salaries and benefits	38,481	6,413
Travel and related expenses	9,948	26,282
<b>Loss before other items:</b>	<b>151,120</b>	<b>155,103</b>
<b>Other Items</b>		
Interest income	65,188	34,353
Gain (loss) on disposal of equipment	-	(1,020)
Gain (loss) on currency exchange	10,337	(564)
	<b>75,525</b>	<b>32,769</b>
Net and comprehensive loss for the year	(75,595)	(122,334)
Deficit, beginning of year	(136,118)	(13,784)
<b>Deficit, end of the year</b>	<b>\$ (211,713)</b>	<b>\$ (136,118)</b>
<b>Basic and diluted loss per share</b>	<b>\$ ( 0.01)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of shares outstanding</b>	<b>9,320,000</b>	<b>4,713,279</b>

See accompanying notes to the financial statements

**Jiulian Resources Inc.**  
**Statements of Cash Flows**  
**Expressed in Canadian Dollars**

	Year Ended February 28, 2009	Year Ended February 29, 2008
<b>Cash Flows From Operating Activities</b>		
Net loss for the year	\$ (75,595)	\$ (122,334)
Items not affecting cash:		
Amortization	804	457
Employee stock compensation	-	35,500
Loss (gain) on foreign exchange	(10,337)	564
Changes in non-cash working capital items:		
Accrued interest on term deposit	11,697	(22,973)
Prepaid expenses	(30)	(1,620)
GST recoverable	3,385	(4,194)
Accounts payable and accrued liabilities	(29,571)	28,038
Net cash flow from operating activities	(99,647)	(86,562)
<b>Cash Flows From Investing Activities</b>		
(Acquisition) redemption of term deposits	100,000	(1,700,000)
Purchase of equipment, net of disposals	-	(2,243)
Net cash from investing activities	100,000	(1,702,243)
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of shares	-	1,863,200
Common share issuance costs	-	(43,250)
Net cash from financing activities	-	1,819,950
<b>Effect of foreign exchange on cash</b>	<b>10,337</b>	<b>(564)</b>
<b>Increase in cash during the year</b>	<b>10,690</b>	<b>30,581</b>
<b>Cash, beginning of year</b>	<b>71,578</b>	<b>40,997</b>
<b>Cash, end of year</b>	<b>\$ 82,268</b>	<b>\$ 71,578</b>
Supplemental cash flow Information:		
Interest paid	\$ -	\$ -
Income taxes	\$ -	\$ -
Non-cash financing transaction:		
Fair value of agent's options granted	\$ -	\$ 10,000

See accompanying notes to the financial statements

**Jiulian Resources Inc.**  
**Notes to the Financial Statements**  
**February 28, 2009 and 2008**

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**Note 1 NATURE AND CONTINUANCE OF OPERATIONS**

Jiulian Resources Inc. (the “Company”) was incorporated on October 17, 2006 under the laws of British Columbia. It is a capital pool company 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”) on a going concern basis with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in 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 the Financial Statements**  
**February 28, 2009 and 2008**

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Note 2 **SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

c) **Loss per Share**

Loss per share is computed by dividing the net earnings for the year by the weighted average number of common shares outstanding during the year. To compute diluted earnings per share, adjustments are made to common shares outstanding. The weighted average number of common shares outstanding is adjusted to include the number of additional common shares that would be outstanding if, at the beginning of the period or at time of issuance, if later, all options were exercised. As the Company incurred net losses in 2009 and 2008, the stock options as disclosed in note 7 were not included in the computation of loss per share as their inclusion would be anti-dilutive.

d) **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 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.

e) **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	45% using the declining balance method
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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.

**Jiulian Resources Inc.**  
**Notes to the Financial Statements**  
**February 28, 2009 and 2008**

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Note 2 **SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

f) **Stock Based Compensation**

The Company accounts for stock options granted to directors, officers, employees and nonemployees using the fair value method of accounting. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and stock-based compensation is accrued and charged to operations, with an offsetting credit to contributed surplus, on a straight-line basis over the vesting periods. The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations upon re-measurement. If and when the stock options are exercised, the applicable amounts of contributed surplus are transferred to share capital. The Company has not incorporated an estimated forfeiture rate for stock options that will not vest; rather the Company accounts for actual forfeitures as they occur.

g) **Share issue costs**

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued.

h) **Foreign currency translation**

Monetary assets and liabilities are translated at balance sheet exchange rates; other assets and liabilities have been translated at the rates prevailing at the date of transaction. Revenue and expense items, except for amortization, are translated at the average rate of exchange for the period. Amortization is converted using the rates prevailing at the dates of acquisition. Gains and losses from foreign currency translation are included in the statements of operations.



**Jiulian Resources Inc.**  
**Notes to the Financial Statements**  
**February 28, 2009 and 2008**

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Note 2 **SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

i) **Financial Instruments**

Under Section 3251, Equity, Section 3855, Financial Instruments - Recognition and Measurement and Section 3861, Financial Instruments - Disclosure and Presentation, all financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale assets or other financial liabilities. All financial instruments, including derivatives, are included on the balance sheet and are measured at fair market value upon inception with the exception of certain related party transactions. Subsequent measurement and recognition of change in the fair value of financial instruments depends on their initial classification. Held-for-trading financial assets and liabilities are measured at fair value and all gains and losses are included in operations in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet. Loans and receivables, held to maturity investments and other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses upon inception, de-recognition, impairment write-downs and foreign exchange translation adjustments are recognized immediately. Transaction costs related to financial instruments will be expensed in the period incurred.

As a result of the adoption of these new standards, the Company has classified its cash and term deposits as held-for-trading. Receivables are classified as loans and receivables. Accounts payable, accrued liabilities and due to related parties are classified as other financial liabilities.

**Jiulian Resources Inc.**  
**Notes to the Financial Statements**  
**February 28, 2009 and 2008**

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Note 2 **SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

j) **Accounting standards newly adopted**

Effective October 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (“CICA”) under Section 3862, Financial Instruments Disclosures, Section 3863, Financial Instrument - Presentation and Section 1535, Capital Disclosures. Financial Instruments Section 3862 requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity’s financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, Financial Instruments - Recognition and Measurement, Section 3863 and Section 3865, Hedges. Section 3863 is to enhance financial statement users’ understanding of the significance of financial instruments to an entity’s financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

The adoption of Sections 3862 and 3863 had no impact on the Company’s financial statements. Capital Disclosures Section 1535 establishes standards for disclosing information about an entity’s capital and how it is managed.

The Company has included the required disclosure in Note 6.

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 Company’s ability to continue as a going concern. The adoption of this new section did not have an impact on the Company’s financial results.

**Jiulian Resources Inc.**  
**Notes to the Financial Statements**  
**February 28, 2009 and 2008**

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Note 2 **SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

k) **Accounting standards not yet adopted**

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 Company 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 Company’s financial statements has not yet been determined.

Note 3 **TERM DEPOSIT**

The term investment (redeemable) is made through a chartered Canadian bank and interest is accrued at a fixed rate of 2.45% per annum (2008 – 4.35%) with a maturity date of November 20, 2009 (2008 – November 12, 2008).

Note 4 **EQUIPMENT**

February 28, 2009			
Description	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$2,161	\$1,179	\$982

February 29, 2008			
Description	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$2,243	\$457	\$1,786

**Jiulian Resources Inc.**  
**Notes to the Financial Statements**  
**February 28, 2009 and 2008**

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**Note 5 RELATED PARTY TRANSACTION**

- a) 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.
- b) The Company paid consulting fees to an officer in the amount of \$21,000 (2008 - \$nil).

The transactions with related parties are in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**Note 6 FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT**

The carrying value of cash, term deposit, accounts payable and accrued liabilities and due to related party approximate fair value due to the short-term nature of these financial instruments. The Company has incurred expenditures that are payable in U.S. dollars. The Company is therefore subject to currency exchange risk arising from the degree of volatility of changes in exchange rates between Canadian dollar and the U.S. dollar. Financial instruments that potentially subject the Company to concentration of credit risk consist principally of the term deposit. The Company places its term deposit with high credit quality financial institutions. The Company is not exposed to significant interest rate and credit risks. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

As at February 28, 2009, the Company had the following financial instruments in US\$:

	CAD \$ equivalent	US \$
Cash	\$45,639	\$35,871

As at February 28, 2009, US\$ amounts were converted at a rate of US\$1 to \$1.2723 Canadian dollars.

**Jiulian Resources Inc.**  
**Notes to the Financial Statements**  
**February 28, 2009 and 2008**

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Note 6 **FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT** (Cont'd)

*Capital Management*

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through a suitable debt and equity balance appropriate for an entity of the Company's size and status. The Company's overall strategy remains unchanged from 2008.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, contributed surplus, and deficit. The availability of new capital will depend on many factors including a positive mineral exploration environment, positive stock market conditions, the Company's track record, and the experience of management.

Note 7 **SHARE CAPITAL**

a) **Authorized:**

Unlimited number of common shares without par value

b) **Common Shares Issued:**

	2009		2008	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of year	9,320,000	\$ 1,944,950	2,700,000	\$135,000
Issued for cash:				
IPO shares	-	-	2,000,000	200,000
Private placements	-	-	4,620,000	1,663,200
Share issuance costs	-	-	-	(53,250)
<b>Balance, end of year</b>	<b>9,320,000</b>	<b>\$ 1,944,950</b>	<b>9,320,000</b>	<b>\$1,944,950</b>

Transactions for the issuance of share capital during 2009:

None.

**Jiulian Resources Inc.**  
**Notes to the Financial Statements**  
**February 28, 2009 and 2008**

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Note 7 **SHARE CAPITAL** (Cont'd)

**b) Common Shares Issued:** (cont'd)

Transactions for the issuance of share capital during 2008:

1) **IPO Shares:**

On June 19, 2007, the Company completed 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. 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 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 which occurred on June 21, 2007. The fair value of the agent options granted was \$10,000 using the Black-Scholes option pricing model with a dividend rate of 0%, risk-free interest rate of 4.2%, expected life of 2 years, expected annual volatility of 80%, and strike price of \$0.10.

2) **Private Placement:**

On November 6, 2007, the Company completed a non-brokered private placement and issued 4,620,000 common shares of the Company at a price of \$0.36 per share for gross proceeds of \$1,663,200.

**c) Escrow Shares:**

As of February 28, 2009, the Company had 2,700,000 (2008 – 2,700,000) common shares in escrow.

The shares will be released from escrow upon issuance of a 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 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.

**Jiulian Resources Inc.**  
**Notes to the Financial Statements**  
**February 28, 2009 and 2008**

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Note 7 **SHARE CAPITAL** (Cont'd)

**d) Stock Options**

The Board of Directors of the Company may from time to time, in its discretion, and in accordance with Exchange requirements, grant to directors and officers of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company, exercisable for a period of up to five years, from the date of grant. However, while the Company is a capital pool company, the Company is restricted to stock option grants that in aggregate do not exceed 10% of the issued and outstanding shares of the Company as at completion of its IPO. There are no vesting requirements under the stock option plan. The Board may, however, add such provisions in its discretion on a grant by grant basis.

As at February 28, 2009 the Company had outstanding stock options enabling the holders to acquire 390,000 shares as follows:

	Number of Shares	Exercise Price	Expiry Date
Stock options	350,000	\$ 0.10	June 19, 2012
Stock options	<u>40,000</u>	\$ 0.36	July 15, 2012
	<u><u>390,000</u></u>		

No options were granted, exercised or expired during the current year.

The fair value of the stock options granted in 2008 was \$35,500 using the Black-Scholes option pricing model with the following weighted average assumptions:

	<b>2008</b>
Dividend rate	0.00%
Risk-free interest rate	4.66%
Expected life	5 years
Expected annual volatility	80%
Strike price	\$0.13
Spot price	\$0.13

**Jiulian Resources Inc.**  
**Notes to the Financial Statements**  
**February 28, 2009 and 2008**

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Note 7 **SHARE CAPITAL** (Cont'd)

**d) Stock Options** (cont'd)

A summary of the status of the Corporation's stock options as of February 28, 2009, February 29, 2008, and changes during the years are as follows:

	<b>2009</b>		<b>2008</b>	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Options outstanding and exercisable, beginning of year	390,000	\$ 0.12	-	\$ -
Granted	-	-	390,000	0.12
Options outstanding and exercisable, end of year	390,000	\$ 0.12	390,000	\$ 0.12

As at February 28, 2009, the Company also had 200,000 agent options outstanding enabling the holders to acquire 200,000 shares at \$0.10 per share expiring June 21, 2009.

**e) Contributed Surplus**

	<b>2009</b>	<b>2008</b>
Beginning of year	\$ 45,500	\$ -
Stock based compensation	-	45,500
End of year	\$ 45,500	\$ 45,500



**Jiulian Resources Inc.**  
**Notes to the Financial Statements**  
**February 28, 2009 and 2008**

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Note 8 **INCOME TAXES**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

Year ended	<b>February 28, 2009</b>	<b>February 29, 2008</b>
Net loss for the year before income tax	\$ (75,595)	\$ (122,334)
Combined federal and provincial tax rate	31.75%	33.68%
Income tax recovery at statutory rates	\$ (24,001)	\$ (41,202)
Unrecognized items for tax purposes	266	12,334
Effects of tax rate change	8,850	6,503
Change in valuation allowance	14,885	22,365
Future income taxes expense	<u>\$ -</u>	<u>\$ -</u>

The significant components of the Corporation's future tax assets are as follows:

	<b>2009</b>	<b>2008</b>
Non-capital loss carry forwards	\$ 50,251	\$ 31,514
Share issue costs	8,307	12,354
Equipment	328	133
		44,001
Valuation allowance	(58,886)	(44,001)
	<u>\$ -</u>	<u>\$ -</u>

The Company has available non-capital losses for Canadian income tax purposes which may be carried forward to reduce taxable income in future years. If not utilized, the non-capital losses in the amount of \$193,273 expire as follows:

2027	\$ 13,784
2028	94,885
2029	84,604
	<u>\$ 193,273</u>

In addition the Company has financing costs of \$31,950 available for tax deduction. The Company has not recognized any future income tax asset as realization is not considered more likely than not due to the uncertainty of the business and future taxable income.

**Jiulian Resources Inc.**  
**Notes to the Financial Statements**  
**February 28, 2009 and 2008**

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Note 9 **COMMITMENT**

The Company's premise is leased under an agreement expiring on November 30, 2009. The total rental to that date is \$12,150 plus taxes.

Note 10 **SUBSEQUENT EVENTS**

- i) With the severe deterioration of commodity and metal market, to protect the shareholders' interest, the Company decided to suspend its proposed transaction, which was previously announced in a news release dated December 20, 2007, with the Inner Mongolia Tuoye Mining Development Co. China ("Tuoye"), for the acquisition and earn-in of up to a 98% equity interest in Tuoye's nickel-copper exploration property in Inner Mongolia, China.

On April 9, 2009, the Company announced it has signed an option agreement to acquire up to a 65% interest for a qualified mineral property with Happy Creek Minerals Ltd., a Canadian resource company. The Company is required to make cash payments of \$150,000, issue 700,000 shares and incur \$700,000 expenditures in 3 years to earn a 55% interest, and incur an additional \$500,000 in expenditures in year 4 to earn an additional 10% interest.

The transaction is expected to constitute an arm's length resource "Qualifying Transaction" in accordance with the policies of the Exchange.

- ii) On June 17, 2009 TSX Venture Exchange granted the Company a six month extension, up to December 22, 2009 to complete the Qualifying Transaction.
- iii) Subsequent to the year end on June 18, 2009, the Company received \$20,000 for the exercise of agents options.