

# Jiulian Resources Inc.

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

**For the three month Periods Ended May 31, 2009 and 2008**  
**(Unaudited – Prepared by Management)**

### **Contents**

---

#### **Financial Statements**

<b>Interim Balance Sheets</b>	<b>2</b>
<b>Interim Statements of Operations' Comprehensive Loss and Deficit</b>	<b>3</b>
<b>Interim Statements of Cash Flows</b>	<b>4</b>
<b>Notes to the Interim Financial Statements</b>	<b>5-7</b>

**The accompanying interim financial statements of Jiulian Resources Inc. for the three month period ended May 31, 2009 were prepared by management. They have not been reviewed or audited by the Company's independent external auditor. This notice is being provided in accordance with section 4.3(3)(a) of the National Instrument 51-102 Continuous Disclosure Obligations.**

**Julian Resources Inc.**

Interim Balance sheets

As at May 31, 2009

(Prepared by Management - Expressed in Canadian Dollars)

	<b>May 31, 2009</b>	<b>February 28, 2009</b>
	(Unaudited)	(Audited)
<b>Assets</b>		
Cash	\$ 56,482	\$ 82,268
Term deposit (Note 3)	1,691,410	1,711,525
Prepaid expenses and deposits	14,650	1,650
GST recoverable	1,524	857
	<b>1,764,066</b>	<b>1,796,300</b>
Equipment (Note 4)	<b>872</b>	<b>982</b>
	<b>\$ 1,764,938</b>	<b>\$ 1,797,282</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 8,356	\$ 8,467
Due to related party (Note 5)	10,078	10,078
	<b>18,434</b>	<b>18,545</b>
<b>Shareholders' equity</b> (Note 6)		
Share capital	1,944,950	1,944,950
Contributed surplus	45,500	45,500
Accumulated deficit	(243,946)	(211,713)
	<b>1,746,504</b>	<b>1,778,737</b>
	<b>\$ 1,764,938</b>	<b>\$ 1,797,282</b>

Continuance of operations (Note 1)

Commitment (Note 7)

Subsequent events (Note 8)

Approved on behalf of the Board

"Charlie Cheng"

Director

"James Zhang"

Director

*The accompanying notes are an integral part of these interim financial statements.*

**Julian Resources Inc.**

Interim Statements of Operations' Comprehensive Loss and Deficit

For the Three Months Ended May 31, 2009 and 2008

(Prepared by Management - Expressed in Canadian Dollars)

	Three months ended	
	May 31, 2009	May 31, 2008
<b>Expenses</b>		
Accounting and audit	\$ -	\$ -
Amortization	111	201
Bank charges	257	129
Consulting fees	9,000	-
Filing and transfer agent fees	4,455	5,621
Legal	6,079	-
Office, administration	6,098	7,042
Salaries and benefits	9,620	9,620
Travel	329	3,147
<b>Loss before other items:</b>	<b>35,949</b>	<b>25,760</b>
<b>Other Items</b>		
Interest income	10,203	19,674
Foreign exchange translation gain (loss)	(6,487)	273
	3,716	19,947
<b>Net loss and comprehensive loss for the year</b>	<b>(32,233)</b>	<b>(5,813)</b>
Deficit, beginning of year	(211,713)	(136,118)
<b>Deficit, end of year</b>	<b>\$ (243,946)</b>	<b>\$ (141,931)</b>
Loss per share - basic and diluted	\$ - 0.00	\$ - 0.00
Weighted average number of common shares outstanding - basic and diluted	9,781,481	7,702,220

*The accompanying notes are an integral part of these interim financial statements.*

**Julian Resources Inc.**

Interim Statements of Cash Flow

For the Three Months Ended May 31, 2009 and 2008

(Prepared by Management - Expressed in Canadian Dollars)

	Three months ended	
	May 31, 2009	May 31, 2008
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net loss for the period	\$ (32,232)	\$ (5,813)
Item not affecting cash:		
Amortization	111	201
Loss (gain) on foreign exchange	6487	(273)
Change in non-cash working capital		
Accrued interest on term deposit	(9,887)	(19,575)
GST recoverable	(667)	2,817
Prepaid expenses and deposits	(13,000)	-
Accounts payable and accrued liabilities	(111)	(2,244)
	(49,299)	(24,887)
<b>Investing activity</b>		
Acquisition (redemption) of term deposit	30,000	-
Effect of foreign exchange on cash	(6,487)	273
	23,513	273
<b>CHANGE IN CASH</b>	(25,786)	(24,614)
<b>CASH , beginning of the period</b>	82,268	71,578
<b>CASH, end of the period</b>	\$ 56,482	\$ 46,964
<b>Supplementary information</b>		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

*The accompanying notes are an integral part of these interim financial statements.*

**Jiulian Resources Inc.**  
**Notes to the Interim Financial Statements**  
**For the three months ended May 31, 2009**

---

**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**

Management in accordance with generally accepted accounting principles in Canada has prepared the financial statements of the Company. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements, in management’s opinion, have been properly prepared using careful judgment with reasonable limits of materiality.

The interim financial statements have been prepared following the same accounting policies and methods of computation as the financial statements for the fiscal year ended February 28, 2009, except as stated below. These interim financial statements do not contain all disclosures required under general accepted accounting principles for annual financial statements and should therefore be read in conjunction with the financial statements and the notes for the year ended February 28, 2009.

**Jiulian Resources Inc.**  
**Notes to the Interim Financial Statements**  
**For the three months ended May 31, 2009**

---

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

**Newly Adopted Accounting Policy**

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 adopted this section on March 1, 2009. The adoption of this new Section did not have any impact on the Company's financial results.

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 with a maturity date of November 20, 2009.

Note 4 **EQUIPMENT**

May 31, 2009			
Description	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$2,161	\$1,289	\$872

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 \$9,000 during the period.

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.

**Jiulian Resources Inc.**  
**Notes to the Interim Financial Statements**  
**For the three months ended May 31, 2009**

---

**Note 6 AGENT OPTIONS**

As at May 31, 2009, the Company had outstanding agent options enabling the holders to acquire 200,000 shares at \$0.10 per share expiring June 21, 2009, which were exercised on June 18, 2009, before the expiry date.

**Note 7 COMMITMENT**

The Company has a tenancy agreement which will expire on November 30, 2009. The total rental to that date is \$8,100 plus taxes.

**Note 8 SUBSEQUENT EVENTS**

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" ("QT") in accordance with the policies of the Exchange.

On June 17, 2009, TSX Venture Exchange (the "Exchange") granted the Company's request for a six month extension to December 22, 2009 to complete its QT.

On July 27, 2009, the Company's above referenced QT transaction has been conditionally accepted by the Exchange.