

**FORM 51-102F1**  
**Management Discussion and Analysis**  
**Jiulian Resources Inc.**  
**For the year ended February 28, 2013**

**Date: June 28, 2013**

The following Management's Discussion and Analysis ("MD&A") provides relevant information on the operations and financial condition of Jiulian Resources Inc., ("Jiulian" or the "Company") for the year ended February 28, 2013. This MD&A has been prepared as of June 28, 2013 and includes information up to that date.

The following MD&A should be read in conjunction with the Company's audited financial statements for the year ended February 28, 2013. The financial statements and the notes therein have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All monetary amounts in this MD&A and in the financial statements are expressed in Canadian dollars unless otherwise stated. Additional information may be found on SEDAR at [www.sedar.com](http://www.sedar.com) and [www.jiulianresources.com](http://www.jiulianresources.com).

**Forward-Looking Information**

*Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," or "continue" or the negative thereof or variations thereon or similar terminology. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management are inherently subject to significant business, economic and competitive uncertainties and contingencies. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.*

**Description of Business and Overall Performance**

The Company is engaged in the business of acquisition and exploration of mineral resource properties in British Columbia, Canada. The Company's focus is to explore for and locate economic mineral deposits in areas that are in proximity to existing and past producing mines and resource-based infrastructure. The Company's objective is to partner or sell such deposits to a larger mining company for development and operation or under certain conditions, carry the project to production.

The Company 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 Company 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”.

On July 28, 2009, the Exchange accepted for filing the Company’s Qualifying Transaction.

On August 26, 2009, the Company resumed trading on the Exchange as a Tier 2 mining company under the symbol “JLR” and the Company was no longer considered a Capital Pool Company.

As a junior mineral exploration company, the Company’s core assets are the exploration rights to its exploration and evaluation properties. The Company’s current objective is to seek out and acquire prospective mineral exploration properties in North America with the view to exploring and developing the properties.

The Company currently has no producing properties, and consequently no operating income or cash flow. The Company is dependent on the equities markets to finance all of its activities and it is anticipated that it will continue to rely on this source of funding for its exploration expenditures and to meet its ongoing working capital requirements.

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.

The Company entered into an Option Agreement dated March 31, 2009, (the “Agreement”) to earn up to a 65% interest over a period of three years from Happy Creek Minerals Ltd. (“Happy Creek”) in the mineral properties known as the Hawk Property and the Grey Property, located in the Clinton Mining Division, in the Province of British Columbia (together, the “Property”). Under the Agreement, JLR has been granted, subject to an existing 2.5% net smelter return on the Hawk Property and an existing 2% net smelter return on the Grey Option, exclusive rights to acquire an undivided 55% legal and beneficial interest in the Property by making aggregate cash payments of \$150,000 (\$45,000 paid), issuing an aggregate of 700,000 shares (200,000 shares issued) to Happy Creek and incurring aggregate exploration expenditures on the Property of \$700,000.

Having received no encouraging results from exploration activities conducted on the Property, on January 25, 2011, the Company announced that it has decided to abandon its work on the Hawk Property and to return the property to Happy Creek Minerals Ltd., the optionor, having fulfilled all obligations there under and to identify and pursue other opportunities.

## **Gunpoint Properties**

The Company entered into an agreement dated effective January 25, 2011, amended March 30, 2011 (the “Agreement”), pursuant to which the Company would acquire from Gunpoint a 100% interest in Gunpoint’s Big Kidd and Little Fort claims groups in the Kamloops and Nicola Mining Districts in British Columbia (the “Acquisition”). The purchase price for these two groups of claims is a cash payment to Gunpoint of \$100,000 (paid) and the issuance 1,875,000 common shares (issued) in the capital of the Company. The Company’s title to the Big Kidd and Little Fort claims is subject to a 2.5% net smelter return royalty in favor of Gunpoint and applicable Crown royalties. Gunpoint and the Company are at arm’s length to each other. The Exchange granted a conditional approval on March 4, 2011. The key condition is to request JLR to provide a NI43-101 report. Mr. Peter Folk, P. Eng. completed and submitted his NI43-101 report to the Exchange for review and conditional approval on May 12, 2011. The Exchange’s final approval was given on July 12, 2011.

### *About the Big Kidd Property*

The Big Kidd property comprises four contiguous mineral tenures totaling 4,055.77 hectares and is located 20 kilometers southeast of the city of Merritt, B.C. The property is centered upon latitude 49°57’ north and longitude 120°37’ west. The exploration target at the Big Kidd property is alkali porphyry type copper-gold deposit.

### *About the Little Fort Property*

The Little Fort property consists of 12 mineral tenures for a total area of 8,654 hectares and is located approximately 25 kilometers to the northwest of the town of Little Fort, B.C. The property is centered upon latitude 51°29’33” north and longitude 120°23’42” west. The exploration target at the Little Fort property is skarn type copper-gold deposit.

### *About Gunpoint Exploration Ltd.*

Gunpoint is a publicly traded mineral exploration company (TSXV: GUN). For a more complete business and financial profile of Gunpoint, interested parties are encouraged to visit Gunpoint’s website, [www.gunpointexploration.com](http://www.gunpointexploration.com).

## Option the Big Kidd property to Xstrata Copper Canada Corporation

On October 18, 2011, the Company entered into an agreement with Xstrata Copper Canada Corporation ("Xstrata") allowing Xstrata the option to earn up to a 75% interest in the Big Kidd property.

Under the terms of the agreement, Xstrata may earn an initial 51% interest by making staged cash payments to Jiulian totaling \$180,000 (\$50,000 received) and incurring cumulative exploration expenditures totaling \$3 million over a four year period. Upon vesting at a 51% interest in the property, a joint venture will be formed and Xstrata will maintain the right to earn a further 24% interest (75% interest total) by funding the completion of a feasibility study or incurring \$15 million in expenditures towards the completion of a prefeasibility study and a feasibility study on the property. The Company received the approval of the Exchange on October 21, 2011.

### Selected Annual Information

In CAD\$	Years Ended		
	February 28, 2013	February 29, 2012	February 28, 2011
Net Revenue	\$-	\$-	\$-
Administration Expenses	\$(127,299)	\$(231,540)	\$(263,234)
Loss Before Other Items	\$(127,299)	\$(231,540)	\$(263,234)
Other Income (Expenses)	\$11,870	\$42,709	\$(182,769)
Net Income (Loss) for the Year			
- In Total	\$(115,429)	\$(188,831)	\$(446,003)
- Basic and Diluted Earnings (Loss) Per Share	\$(0.01)	\$(0.02)	\$(0.05)
Total Assets	\$1,227,982	\$1,343,205	\$1,333,334
Total Long Term Financial Liabilities	\$-	\$-	\$-

## Results of Operations

The Company incurred accumulated deficit of \$1,085,512 since incorporation on October 17, 2006, and a net loss of \$115,429 for the year ended February 28, 2013 (2012: net loss of \$188,831). The Company incurred accounting and legal fees of \$24,061 (2012: \$37,758); filing and agent fees of \$21,428 (2012: \$23,759), office administration, rent, and telephone of \$35,687 (2012: \$14,148) salary & consulting fees of \$42,373 (2012: \$118,642), share-based payments of \$Nil (2012: \$27,612), and travel and entertainment related expense of \$3,750 (2012: \$3,839) making up the majority of the loss. The following is the breakdown of the general and administrative expenses:

	Year ended February 28, 2013 \$	Year ended February 29, 2012 \$
Accounting	17,860	22,950
Administration fees	5,175	-
Amortization	3,699	5,006
Automobile	-	91
Bank charges and interest	71	185
Consulting Fees	42,373	92,525
Filing and transfer agent fees	21,428	23,759
Legal	6,201	14,808
Licenses, dues and subscriptions	-	500
Meals and entertainment	1,155	2,045
Office and administration	1,996	2,565
Rent	12,000	10,777
Salaries and benefits	11,823	26,117
Share-based payments	-	27,612
Telephone and internet	923	806
Travel	2,595	1,794
<b>Total General &amp; Administrative Expenses</b>	<b>127,299</b>	<b>231,540</b>

## Results of Operations

The following is a summary of selected financial data for the Company for the three most recently completed years, accompanied by a discussion of those factors affecting the comparability of the data, including, where applicable, discontinued operations, changes in accounting policies, significant acquisitions or disposals and major changes in the direction of the Company's business.

As at and for the year ended	February 28, 2013	February 29, 2012	February 28, 2011
Cash and cash equivalents	\$742,490	\$949,999	\$1,293,347
Working capital	\$760,786	\$965,643	\$1,274,146
Interest income	\$11,870	\$14,809	\$17,102
Net loss	\$(115,429)	\$(188,831)	\$(446,003)
Basic net loss per share	\$(0.01)	\$(0.02)	\$(0.05)
Total assets	\$1,227,982	\$1,343,205	\$1,333,334
Weighted average number of shares outstanding – basic and diluted	11,595,000	10,906,644	9,671,507

### Summary of Quarterly Results

The following is a summary of selected financial data for the Company for the eight most recently completed quarters.

	For the quarters ended			
	Feb. 28, 2013	Nov. 30, 2012	Aug. 30, 2012	May 31, 2012
Total interest income	\$4,550	\$2,017	\$2,134	\$3,169
Net loss	\$(44,252)	\$(1,040)	\$(41,311)	\$(28,826)
Basic and diluted loss per share	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)

	For the quarters ended			
	Feb. 28, 2012	Nov. 30, 2011	Aug. 30, 2011	May 31, 2011
Total interest income	\$4,226	\$3,135	\$3,214	\$4,234
Net loss	\$(67,662)	\$(28,321)	\$(53,927)	\$(38,921)
Basic and diluted loss per share	\$(0.01)	\$(0.00)	\$(0.00)	\$(0.00)

The Company has no dividend policy and has no intention of developing a dividend policy in the foreseeable future. The Company has paid no dividends and has no retained earnings from which it might pay dividends.

### Liquidity

As at February 28, 2013, the Company had working capital of \$760,786.

Other than the mineral property claims listed above, the Company does not currently hold an interest in any other business nor does it have an interest in any fixed assets, other than office equipment directly or indirectly. The Company's activities have been funded through equity financing and the Company 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 the Company will be successful in its endeavors. If such funds are not available or other sources of finance cannot be obtained, then the Company will be forced to curtail its activities to a level for which funding is available and can be obtained.

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

The Company classifies all financial instruments as either available-for-sale, financial assets or liabilities at fair value through profit or loss (“FVTPL”), loans and receivables or other financial liabilities. Loans and receivables and other financial liabilities are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in accumulated other comprehensive income. These amounts will be reclassified from shareholders’ equity to net income when the investment is sold or when the investment is impaired and the impairment is considered less than temporary. Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized on the statement of loss and deficit.

The Company has designated its cash and term deposits as FVTPL, which is measured at fair value.

#### *Credit risk*

The Company does not believe it is subject to any significant credit risk although cash is held in excess of federally insured limits, with major financial institutions. As at February 28, 2013, the total amount of financial assets subject to credit risk is \$742,490.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. As at February 28, 2013, the Company had \$768,909 to settle current liabilities of \$8,123. As a result, liquidity risk is considered insignificant.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the term deposits is limited.

### *Currency risk*

The Company is exposed to currency risk by incurring certain expenditures and holding assets denominated in currencies other than the Canadian dollar. The Company does not use derivative instruments to reduce its currency risk. Assuming all other variables remain constant, a 1% change in the Canadian dollar against the US dollar would not result in a significant change to the Company's operations.

### *Commodity price risk*

The Company is not exposed to commodity price risk as it is still in exploration stage.

## **Capital Management**

The Company's objectives are to safeguard the Company's ability to continue as a going concern in order to support the Company's normal operating requirements, continue the development and exploration of its mineral properties.

The Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administration costs, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company is not subject to any externally imposed capital requirements. In order to maximize ongoing development efforts, the Company does not pay dividends. There were no significant changes in the Company's approach or the Company's objectives and policies for managing its capital.

## **Related Party Transactions**

The remuneration of directors and other members of key management were as follows:

	Year Ended February 28, 2013 \$	Year Ended February 29, 2012 \$
Short-term benefits – Consulting and legal fees	31,694	90,673
Short-term benefits – Geological consulting fees	36,444	-
Share-based payments	-	23,930
<b>Total key management personnel compensation</b>	<b>68,138</b>	<b>114,603</b>

## **Commitments and Contractual Obligations**

The Company has no commitments and contractual obligations.

## **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet agreements.

## **Recent Accounting Pronouncements**

At the date of authorization of these financial statements, the IASB and IFRIC have issued the following new and revised standards, amendments and interpretations which are not yet effective during the year ended February 28, 2013.

- IFRS 9 '*Financial Instruments: Classification and Measurement*' is a new financial instruments standard effective for annual periods beginning on or after January 1, 2015 that replaces IAS 39 and IFRIC 9 for classification and measurement of financial assets and financial liabilities.
- IFRS 7 (Amendment) '*Financial Instruments: Disclosures*' is effective for annual periods beginning on or after 1 January 2015 and requires modification of associated disclosures upon application of IFRS 9 '*Financial Instruments: Classification and Measurement*'.
- IFRS 11 '*Joint Arrangements*' is a new standard effective for annual periods beginning on or after January 1, 2013 that replaces IAS 31 and SIC-13.
- IFRS 12 '*Disclosure of Interests in Other Entities*' is a new standard effective for annual periods beginning on or after January 1, 2013 that replaces disclosure requirements in IAS 27 (as amended in 2008), IAS 28 (as revised in 2003) and IAS 31.
- IFRS 13 '*Fair Value Measurement*' is a new standard effective for annual periods beginning on or after January 1, 2013 that replaces fair value measurement guidance in other IFRSs.
- IAS 1 (Amendment) '*Presentation of Financial Statements*' is effective for annual periods beginning on or after 1 July 2012 and 1 January 2013, and includes amendments regarding presentation of items of other comprehensive income and clarification of the requirements for comparative information, respectively.
- IAS 27 (Amendment) '*Separate Financial Statements*' is effective for annual periods beginning on or after January 1, 2013 that prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

- IAS 28 (Amendment) ‘*Investments in Associates and Joint Ventures*’ is effective for annual periods beginning on or after January 1, 2013 that prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

### **Other MD&A Requirements:**

#### **Share Capital**

The Company is authorized to issue unlimited number of common shares.

As of June 28, 2013 and February 28, 2013, the Company had 11,595,000 shares issued and outstanding.

#### *Stock Options*

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of common shares issuable pursuant to options granted under the Plan may not exceed 10% of the number of issued common shares of the Company at the time of the granting of the options. Options granted under the Plan will have a maximum term of five years. The exercise price of options granted under the Plan will not be less than the discounted market price of the common shares or such other price as may be agreed to by the Company and accepted by the Exchange.

As at February 28, 2013, the Company had 690,000 stock options outstanding and exercisable:

Optionees	Number of Shares	Exercise Price	Expiry Period
Directors, officers and consultants	390,000	\$0.15	April 21, 2013
Directors, officers and consultants	300,000	\$0.15	November 14, 2014
<b>Total</b>	<b>690,000</b>		

As of June 28, 2013, the Company had 220,000 stock options outstanding and exercisable.

## **Control and Procedures**

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this Management Discussion and Analysis.

Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten the Company's financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial reports, the integrity and reputation of senior accounting personnel, and candid discussion of those risks with the audit committee.

## **Risks and Uncertainties**

The Company is engaged in the exploration for and development of mineral deposits. These activities involve significant risks which careful evaluation, experience and knowledge may not, in some cases, eliminate. The commercial viability of any material deposit depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade, proximity to infrastructure. Government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations, have an impact on the economic viability of a mineral deposit.

The preparation of financial statements in conformity with IFRS 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Annual losses are expected to continue until the Company has an interest in an exploration and evaluation property that produces revenues. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing and generating revenues sufficient to cover its operating costs. The Company's accompanying financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

Any forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the Company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the Company and other factors.

### **Outlook**

The Company's primary focus for the foreseeable future will be on reviewing its financial position, continuing exploration activities on its mineral property and financing new business ventures in the mineral resource industry.

### **Approval**

The board of directors of the Company has approved the disclosure contained in this MD&A.

### **Additional Information**

Additional disclosure of the Company's technical reports, material change reports, news release and other information can be obtained on SEDAR at [www.sedar.com](http://www.sedar.com).

On behalf of the board

**Jiulian Resources Inc.**

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