

**JIULIAN RESOURCES INC.**  
**FORM 51-102F1**  
**Management Discussion and Analysis**  
**For the Nine Months Ended November 31, 2012**  
**(Expressed in Canadian dollars unless otherwise noted)**

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**Date of Report: January 29, 2013**

**Overview**

The following Management's Discussion and Analysis ("MD&A") provides relevant information on the operations and financial condition of Julian Resources Inc., ("Julian" or the "Company") for the nine months ended November 30, 2012. This MD&A has been prepared as of January 29, 2013 and includes information up to that date.

The following MD&A should be read in conjunction with the Company's unaudited financial statements for the three and nine months ended November 31, 2012 and 2011. 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.*

**Overall Performance**

Julian Resources Inc. (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".

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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 mineral 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.

In CAD\$	Years Ended		
	February 29, 2012 (IFRS)	February 28, 2011 (IFRS)	February 28, 2010 (GAAP)
Net Revenue			
Administration Expenses	\$(231,540)	\$(263,234)	\$(145,621)
Loss Before Other Items	\$(231,540)	\$(263,234)	\$(145,621)
Other Income (Expenses)	\$42,709	\$(182,769)	\$25,085
Net Income (Loss) for the Year			
- In Total	\$(188,831)	\$(446,003)	\$(120,536)
- Basic and Diluted Earnings (Loss) Per Share	\$(0.02)	\$(0.05)	\$(0.01)
Total Assets	\$1,343,205	\$1,333,335	\$1,700,076
Total Long Term Financial Liabilities	-	-	-

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.

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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 JLR will 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) of JLR. JLR's title to the Big Kidd and Little Fort claims will be subject to a 2.5% net smelter return royalty in favor of Gunpoint and applicable Crown royalties. Gunpoint and JLR are at arm's length to each other. TSX Venture Exchange ("TSXV") granted a conditional approval to JLR 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 TSXV for review and conditional approval on May 12, 2011. TSXV'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 targets at the Little Fort property include alkali porphyry type copper-gold, skarn type copper-gold and quartz vein type gold deposits.

#### *About Gunpoint Exploration Ltd.*

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

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

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 on October 18, 2011.

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Under the terms of the agreement, Xstrata may earn an initial 51% interest by making staged cash payments to Julian totaling \$180,000 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 TSX-Venture Exchange on October 21, 2011.

### **Exploration on the Little Fort Property**

Julian has completed a detailed stream sediment/silt geochemical sampling program which consists of 477 samples plus 21 duplicates and standards in total and a 24 kilometre ground-based induced polarization ("IP") survey on the Little Fort property by September of 2012.

In addition to confirming the known anomalies around the mineral showings and prospects, which were explored by the previous owner of Little Fort, the most significant progress of the recent geochemical sampling program is the identification of a much broader and intensive copper-gold anomaly around the Worldstock porphyry showing, which locates at the southeast portion of Little Fort.

The IP survey was carried out by Peter Walcott & Associates Ltd. as a follow-up to the geochemical sampling program to detect the chargeability and resistivity underlying the copper-gold geochemical anomalies around the Worldstock porphyry showing. The IP survey has located two strong chargeability (up to 84 mV/V) anomalies, both of which are well correlated with high resistivity and copper-gold geochemical anomalies.

### **Results of Operations**

The Company incurred a loss of \$984,175 since incorporation on October 17, 2006, and a loss of \$135,786 (\$446,003 in year 2011) for the year ended February 29, 2012. The Company incurred accounting and legal fees of \$37,758 (\$23,559 in year 2011); filing and agent fees of \$23,759 (\$16,259 in year 2011), office and administration of \$2,565 (\$10,987 in year 2011); salary & consulting fees of \$118,642 (\$142,258 in year 2011) and office travel related expense of \$1,794 (\$9,004 in year 2011), and a write-off a mineral property of \$Nil (\$223,010 in year 2011) making up the majority of the loss.

### **Nine months ended November 31, 2012**

The Company had a net loss for the nine months ended November 30, 2012 of \$71,176 (compared to \$121,169 in 2011): \$103,436 General and Administrative related expenses (compared to \$131,600 in 2011); offset by interest income \$7,321 (compared to \$10,583 of other items in 2011).

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**Three Months Ended November 31, 2012**

The Company had a net loss for the three months ended November 31, 2012 (the “Current Quarter”) of \$1,040 (compared to \$71,176 in 2011): \$28,056 General and Administrative related expenses (compared to \$31,422 in 2011); offset by interest income \$2,017 (compared to \$3,135 of other items in 2011). The breakdown of the general and administrative related expenses for the fourth quarter is listed below:

	\$
Accounting	2,000
Amortization	857
Automobile	
Bank Charges and Interest	1
Consulting Fee	11,750
Filing & Transfer Agent Fees	4,869
Legal	910
Meals and Entertainment	276
Travel Expenses	796
Rent	3,200
Salaries and Benefits	3,036
Miscellaneous	114
Telephone and Internet	247
<b>Total General &amp; Admin. Expenses</b>	<b>28,057</b>

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**Financial 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	Prepared in accordance with IFRS		Prepared in accordance with Canadian GAAP
	February 29, 2012	February 28, 2011	February 28, 2010
Cash and cash equivalents	\$949,999	\$1,293,347	\$1,587,619
Working capital	\$965,643	\$1,274,146	\$1,586,921
Interest revenue	\$14,809	\$17,102	\$32,970
Net loss	\$(188,831)	\$(446,003)	\$(120,536)
Basic net loss per share	\$(0.02)	\$(0.05)	\$(0.01)
Total assets	\$1,343,205	\$1,333,335	\$1,700,076
Basic weighted average number of shares outstanding	10,906,644	9,671,507	9,437,957

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

For the quarter ended	Nov 30, 2012 \$	Aug 31, 2012 \$	May 31, 2012 \$	Feb. 29, 2012 \$	Nov. 30, 2011 \$	Aug 31, 2011 \$	May 31, 2011 \$	Feb. 28, 2011 \$
Cash and cash equivalents	772,548	842,116	928,974	949,999	976,556	1,026,885	1,220,445	1,293,347
Working capital	788,596	867,032	939,408	965,643	989,128	1,034,330	1,207,171	1,274,146
Interest revenue	2,017	2,134	3,169	4,226	3,135	3,214	4,234	4,759
Loss before income taxes	(1,040)	(41,311)	(28,826)	(67,662)	(28,321)	(53,927)	(38,921)	(316,128)
Net income (loss)	(1,040)	(41,311)	(28,826)	(67,662)	(28,321)	(53,927)	(38,921)	(316,128)
Basic net income (loss) per share	0.00	0.00	0.00	(0.01)	0.00	0.00	0.00	(0.05)

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.

## **Changes in Accounting Policies including Initial Adoption**

### *Initial adoption of IFRS*

The Company's audited financial statements as at and for the years ended February 29, 2012 and February 28, 2011 have been prepared in accordance with IFRS as issued by the IASB. Previously, the Company prepared its 2011 annual financial statements in accordance with Canadian GAAP.

IFRS 1 requires the consistent and retrospective application of IFRS accounting policies as at and for the year ended February 28, 2011 and an opening Statement of Financial Position as at March 1, 2010. To assist with the transition, the provisions of IFRS 1 allows for certain mandatory and optional exemptions for first-time adopters to alleviate the full retrospective application of IFRS. The Company has elected to apply the following relevant exemptions:

### *Transition to IFRS*

The Company has adopted IFRS with a transition date of March 1, 2010. Under IFRS 1, "First-time Adoption of International Financial Reporting Standards", the Company elected to take the following IFRS 1 optional exemptions:

**Share-based payments** - IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 'Share-based Payment' to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the Transition Date. The Company elected not to apply IFRS 2 to equity instruments that vested prior to the Transition Date.

**Decommissioning liabilities** - IFRS 1 provides an optional exemption to elect not to retrospectively recalculate the decommissioning liabilities and the related impact on the cost of the related asset and accumulated depreciation. The Company elected to use this exemption and account for changes in decommissioning liabilities prospectively from Transition Date.

Hindsight was not used to create or revise estimates and accordingly the estimates previously made by the Company under Canadian GAAP are consistent with their application under IFRS. A summary of IFRS 1 mandatory and option exemptions are described in Note 18 to the annual financial statements.

The IFRS accounting policies are set forth in Note 3 to the annual audited financial statements. A detailed explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flow, including the reconciliations required by IFRS 1, is presented in Note 18 to the financial statements.

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*Canadian GAAP to IFRS differences*

**Decommissioning Liabilities** - IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' requires that:

- a provision be recognized when an entity has a present obligation (legal or constructive) as a result of a past event; it is probable that outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation;
- the amount recognized as a provision be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and
- the discount rate be a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

IFRIC 1 'Changes in Existing Decommissioning, Restoration and Similar Liabilities' requires re-measurement of the decommissioning liabilities at each period end to reflect changes due to changes in various assumptions, including the discount rate which reflects current market assessment of the time value of money and risk specific to the liability.

Canadian GAAP excludes constructive obligations from its scope, which is limited to legal obligations; requires that an asset retirement obligation be measured on initial recognition at its fair value; and requires that the credit-adjusted risk-free rate for discounting the cash flows be the rate determined on initial recognition. Change in the discount rate alone did not result in a re-measurement of the asset retirement obligation.

The change in accounting policy related to decommissioning liabilities resulted in an increase in exploration and evaluation properties of \$5,000 and an increase in decommissioning liabilities by an equal amount as at Transition Date.

## **Liquidity**

As at November 30, 2012, the Company had working capital of \$788,596.

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 November 30, 2012, the total amount of financial assets subject to credit risk is \$772,548.

### *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 November 30, 2012, the Company had \$772,548 to settle current liabilities of \$36,627. 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.

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*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 29, 2012	Year Ended February 28, 2011
	\$	\$
Short-term benefits – Consulting and legal fees	90,673	91,693
Share-based payments	23,930	23,163
<b>Total key management personnel compensation</b>	<b>114,603</b>	<b>114,856</b>

**Commitments and Contractual Obligations**

**Off-Balance Sheet Arrangements**

The Company has no off-balance sheet agreements other than disclosed under Commitments and Contractual Obligations above.

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**Other MD&A Requirements:**

**Outstanding Share Data**

The following table summarizes the Company's outstanding share data as of the date of this Management Discussion and Analysis:

Issued Common Shares:

	Common Shares	
	Outstanding	Amount
Balance at February 29, 2012	11,595,000	\$2,202,200
Acquisition of mineral property	-	-
<b>Balance at November 30, 2012</b>	<b>11,595,000</b>	<b>\$ 2,202,200</b>

As at February 29, 2012, 405,000 shares are subject to an escrow agreement and will be released from escrow in stages upon completion of the Company's qualifying transaction and every six months thereafter.

Issued stock options and agents options:

Options Issued	Number of Shares	Exercise Price	Expiry Period
Granted to Directors and Officers	390,000	\$0.15	April 21, 2013
Granted to Directors and Officers	300,000	\$0.15	November 11, 2014
<b>Total</b>	<b>690,000</b>		

**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,

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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 a mineral 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.

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**Approval**

The board of directors of JLR has approved the disclosure contained in this Annual MD&A. A copy of this MD&A will be provided to anyone who requests it from the Company.

**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