

*A copy of this preliminary prospectus has been filed with each of the British Columbia Securities Commission and the Alberta Securities Commission in the Provinces of British Columbia and Alberta and with the TSX Venture Exchange Inc. but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from each of the British Columbia and Alberta Securities Commissions.*

*This prospectus constitutes a public offering of the securities only in those jurisdictions where they may be lawfully offered for sale and, in such jurisdictions, only by Persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

## PRELIMINARY PROSPECTUS

INITIAL PUBLIC OFFERING

April 19, 2007

**JIULIAN RESOURCES INC.**  
**(a capital pool company)**  
**\$200,000**  
**2,000,000 Common Shares**  
 Price: \$0.10 per Common Share

Julian Resources Inc. (the “**Corporation**”) hereby offers on a best efforts basis through its agent, Leede Financial Markets Inc. (the “**Agent**”), 2,000,000 Common Shares in the capital of the Corporation (the “**Common Shares**”) for sale to the public at a price of \$0.10 per Common Share for aggregate gross proceeds of \$200,000. The purpose of this offering (the “**Offering**”) is to provide the Corporation with a minimum of funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction, as hereinafter defined. Any proposed Qualifying Transaction must be approved by the TSX Venture Exchange Inc. (the “**Exchange**”) and in the case of a Non Arm’s Length Qualifying Transaction must also receive Majority of the Minority Approval, as hereafter defined, in accordance with Exchange Policy 2.4 (the “**CPC Policy**”). The Corporation is a Capital Pool Company (“**CPC**”). It has not commenced commercial operations and has no assets other than a minimal amount of cash. Except as specifically contemplated in the CPC Policy, until the Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction. See “Business of the Corporation” and “Use of Proceeds”.

	<b>Common Shares</b>	<b>Price to Public</b>	<b>Agent’s Commission <sup>(1)</sup></b>	<b>Proceeds to Corporation <sup>(2)</sup></b>
Per Common Share	1	\$0.10	\$0.01	\$0.09
Total Offering	2,000,000	\$200,000	\$20,000	\$180,000

*Notes:*

(1) *A commission of \$20,000, being 10% of the gross proceeds of the Offering will be paid to the Agent. The Agent will also be paid a corporate finance fee of \$7,500 (plus GST) of which \$3,750 (plus GST) has been paid. The Agent will be reimbursed by the Corporation for its legal fees and expenses of which \$5,000 has been paid, and will be granted the Agent’s Option referred to below. See “Plan of Distribution – Agency Agreement and Agent’s Compensation”.*

- (2) *Before deducting the additional costs of this issue estimated at \$56,850 which includes legal and audit fees and other expenses of the Corporation, the Agent's corporate finance fee, the Agent's legal fees and disbursements and the listing fee payable to the Exchange. See "Use of Proceeds".*

This Offering is made on a best efforts basis by the Agent and is subject to an aggregate minimum subscription of 2,000,000 Common Shares for total minimum gross proceeds to the Corporation of \$200,000. The offering price of the Common Shares was determined arbitrarily by the Directors of the Corporation. All funds received from subscriptions for Common Shares will be held by the Agent pursuant to the terms of the Agency Agreement between the Corporation and the Agent. If the Offering is not fully subscribed for within 90 days of the issuance of a receipt for the final prospectus or such other time as may be consented to by the Agent and the persons or companies who subscribed within that period, all subscription monies will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent.

Pursuant to the Agency Agreement, the Agent will, following the date of the issuance of the Final Receipt, be granted a non-transferable option (the "**Agent's Option**") to purchase 200,000 Common Shares at a price of \$0.10 per Common Share expiring 24 months from the date of listing of the Common Shares on the Exchange (the "**Listing Date**"). The Agent's Option is qualified for distribution under this prospectus.

This prospectus also qualifies for distribution the options to be granted to the Directors and Officers of the Corporation to purchase up to a total of 350,000 Common Shares. See "Plan of Distribution", "Description of Securities Distributed" and "Options to Purchase Securities".

Other than the initial distribution of the Common Shares pursuant to this prospectus, the grant of the Agent's Option and the grant of the Directors' Options (see "Options to Purchase Securities"), trading in all securities of the Corporation is prohibited during the period between the date a receipt for the preliminary prospectus is issued by each of the British Columbia Securities Commission and the Alberta Securities Commission (collectively, the "**Commissions**") and the time the Common Shares are listed for trading on the Exchange except, subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable Commission grants a discretionary order.

The Corporation has applied to list its Common Shares on the Exchange. Listing will be subject to the Corporation fulfilling all the listing requirements of the Exchange.

**Investment in the Common Shares offered by this prospectus is highly speculative due to the nature of the Corporation's business and its present stage of development. This Offering is suitable only to those investors who are prepared to risk the loss of their entire investment. See "Risk Factors".**

**There is no market through which the Common Shares offered by this prospectus may be sold and purchasers may not be able to dispose of them on a timely basis. Upon completion of this Offering, purchasers will suffer an immediate dilution (based on the gross proceeds from this and prior issues without deduction of selling and related expenses) per Common Share of \$0.0287 or 28.7%. The Corporation was only recently incorporated and does not currently own any assets other than cash. The business objective of the Corporation is to identify and evaluate assets or businesses with a view to completing a Qualifying Transaction which receives Exchange approval and in the case of a Non Arm's Length Qualifying Transaction, Majority of the Minority Approval of the Corporation's shareholders. There can be no assurance that the Corporation will successfully complete any Qualifying Transaction. The Corporation has not commenced the process of identifying potential acquisitions. The Corporation may find that even if the terms of a potential**

acquisition are economic, the Corporation may not be able to finance such acquisition and additional funds may be required. Since the Corporation has not placed any geographical restrictions on the location of a Qualifying Transaction, such Qualifying Transaction may involve the acquisition of a business located outside of Canada and, as such, investors should be aware that it may be difficult or may not be possible to effect service or notice to commence legal proceedings upon any directors, officers and experts outside of Canada and that it may not be possible to enforce against such Persons or the Corporation, judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada. Where the investment or acquisition is financed by the issuance of Common Shares from the Corporation's treasury, control of the Corporation may change and shareholders may suffer further dilution of their investment. The Corporation will be in competition with other corporations with greater resources. The Corporation has neither a history of earnings nor has it paid any dividends and it is unlikely to generate earnings or pay dividends in the immediate or foreseeable future. The Exchange may suspend from trading or delist the Common Shares where the Corporation has failed to complete a Qualifying Transaction within 24 months of the date of listing. The Executive Director of a Commission may issue an interim cease trade order against the Corporation's securities if the Common Shares of the Corporation are suspended from trading on the Exchange and will issue an interim cease trade order if the Corporation is delisted from the Exchange. In addition, delisting of the Common Shares will result in the cancellation of all or a portion of the Common Shares of the Corporation owned by Insiders, as hereinafter defined, issued prior to this Offering. Investors must rely solely on the expertise of the Corporation's Promoters, as hereinafter defined, Directors and Officers for any possible return on their investment. The Corporation's Promoters, Directors, Officers and Control Persons, as hereinafter defined, and their Associates, as hereinafter defined, and Affiliates, as hereinafter defined, as a group, beneficially own or control, directly or indirectly, 2,700,000 Common Shares, which represents 100% of the issued and outstanding Common Shares before giving effect to this Offering and will own approximately 57.4% of the issued and outstanding Common Shares after giving effect to this Offering. The Directors and Officers of the Corporation will only devote part of their time to the affairs of the Corporation and there are potential conflicts of interest to which some of the Directors and Officers of the Corporation will be subject in connection with the operations of the Corporation. See "Capitalization", "Business of the Corporation", "Directors, Officers and Promoters", "Use of Proceeds", "Conflicts of Interest" and "Risk Factors".

This Offering is subject to the CPC Policy and the securities laws of the Provinces of British Columbia and Alberta. Pursuant to the CPC Policy, no purchaser of the Common Shares is permitted to directly or indirectly purchase more than 2% or 40,000 of the total Common Shares offered under this prospectus. In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates of that purchaser, is 4% or 80,000 of the total number of Common Shares offered under this prospectus. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that share certificates for the Common Shares evidencing the Common Shares in definitive form will be available for delivery on the Closing Date.

Leede Financial Markets Inc., as agent, conditionally offers these Common Shares, on a best efforts basis, if, as and when subscriptions are accepted by the Corporation, subject to prior sale, in accordance with the terms and conditions of the Agency Agreement referred to under “Plan of Distribution” and subject to the approval of certain legal matters by Woods & Company, Barristers & Solicitors, West Vancouver, British Columbia on behalf of the Corporation and by Salley Bowes Harwardt LLP, Barristers & Solicitors, on behalf of the Agent.

**LEEDE FINANCIAL MARKETS INC.  
Suite 1800 - 1140 West Pender Street  
Vancouver, British Columbia, V6E 4G1**

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## GLOSSARY

“**Affiliate**” means a Company that is affiliated with another Company as described below.

A Company is an “Affiliate” of another Company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A Company is “controlled” by a Person if:

- (a) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the Directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

“**Agency Agreement**” means the agency agreement dated as of April 18, 2007 between the Corporation and the Agent.

“**Agent**” means Leede Financial Markets Inc.

“**Agent’s Option**” is the option which will be granted to the Agent to purchase up to 200,000 Common Shares – being 10% of the number of Common Shares sold pursuant to this Offering. For details see “Options to Purchase Securities”.

“**Agreement in Principle**” means any enforceable agreement or any other agreement or similar commitment which identifies the fundamental terms upon which the parties agree or intend to agree which:

- (a) identifies assets or a business to be acquired which would reasonably appear to constitute Significant Assets and the acquisition of which would reasonably appear to constitute a Qualifying Transaction;
- (b) identifies the parties to the Qualifying Transaction;
- (c) identifies the consideration to be paid for the Significant Assets or otherwise identifies the means by which the consideration will be determined; and
- (d) identifies the conditions to any further formal agreements to complete the transaction, and in respect of which there are no material conditions to closing (other than receipt of shareholder approval and Exchange acceptance), the satisfaction of which is dependent upon third parties and beyond the reasonable control of the Non Arm’s Length Parties to the CPC or the Non Arm’s Length Parties to the Qualifying Transaction.

**“Associate”** when used to indicate a relationship with a Person or Company, means

- (a) an issuer of which the Person or Company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,
- (b) any partner of the Person or Company,
- (c) any trust or estate in which the Person or Company has a substantial beneficial interest or in respect of which a Person or Company serves as trustee or in a similar capacity,
- (d) in the case of a Person, a relative of that Person, including
  - (i) that Person’s spouse or child, or
  - (ii) any relative of the Person or of his spouse who has the same residence as that Person; but
- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding Company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding Company.

**“Closing Date”** means the date the Offering is completed.

**“Commissions”** means collectively the British Columbia Securities Commission and the Alberta Securities Commission, which are separately referred to as a “Commission”.

**“Common Shares”** or **“Shares”** means the common shares of the Corporation.

**“Company”** unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

**“Completion of the Qualifying Transaction”** means the date the Final Exchange Bulletin is issued by the Exchange.

**“Control Person”** means any Person or Company that holds or is one of a combination of Persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

**“Corporation”** means Jiulian Resources Corp., a corporation incorporated under the laws of the Province of British Columbia.

**“CPC”** means a corporation:

- (a) that has been incorporated or organized in a jurisdiction in Canada,
- (b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and



(c) in regard to which the Final Exchange Bulletin has not yet been issued.

“**CPC Policy**” means Policy 2.4 of the Exchange.

“**Director**” means a director of the Corporation.

“**Directors’ Options**” means the options to purchase up to 350,000 Common Shares which will be granted to the Directors of the Corporation. See “Options”.

“**Escrow Agent**” means Pacific Corporate Trust Company, Vancouver, British Columbia.

“**Escrow Agreement**” means the escrow agreement dated March 27, 2007 among the Corporation, the Escrow Agent and the principal shareholders of the Corporation.

“**Exchange**” means the TSX Venture Exchange Inc.

“**Final Exchange Bulletin**” means the Exchange Bulletin which is issued following closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction.

“**Final Receipt**” means the written confirmation of the acceptance for filing of this prospectus received from each of the British Columbia Securities Commission and the Alberta Securities Commission.

“**Insider**” if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer;
- (b) a director or senior officer of a Company that is an Insider or subsidiary of the issuer;
- (c) Person that beneficially owns or controls, directly or indirectly, voting Common Shares carrying more than 10% of the voting rights attached to all outstanding voting Common Shares of the issuer; or
- (d) the issuer itself if it holds any of its own securities.

“**Listing Date**” means the date of listing of the Common shares on the Exchange.

“**Majority of the Minority Approval**” means the approval of a Non Arm’s Length Qualifying Transaction by the majority of the votes cast by shareholders, other than:

- (a) Non Arm’s Length Parties to the CPC;
- (b) Non Arm’s Length Parties to the Qualifying Transaction; and
- (c) in the case of a Related Party Transaction:
  - (i) if the CPC holds its own Common Shares, the CPC, and
  - (ii) a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b) in respect of the transaction at a properly constituted meeting of the Shareholders of the CPC.

“**NEX**” means the market on the Exchange upon which former Exchange issuers that do not meet Exchange tier maintenance requirements for Tier 2 may continue to trade.

“**Non Arm’s Length Party**” means in relation to a Company, a promoter, officer, director, other insider or Control Person of that Company (including an issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, insider or Control Person.

“**Non Arm’s Length Parties to the Qualifying Transaction**” means the Vendor(s), any Target Company(ies) and includes, in relation to Significant Assets or Target Company(ies), the Non Arm’s Length Parties of the Vendor(s), the Non Arm’s Length Parties of any Target Company(ies) and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.

“**Non Arm’s Length Qualifying Transaction**” means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are the subject of the proposed Qualifying Transaction.

“**Offering**” means the offering of Common Shares in accordance with the terms of this prospectus.

“**Officer**” means an officer of the Corporation.

“**Person**” means a Company or individual.

“**Principal**” when used in relation to an issuer means

- (a) a Person or Company that acted as a promoter of the issuer within two years before the initial public offering of the issuer or Exchange bulletin confirming final acceptance of a transaction;
- (b) a director or senior officer of the issuer or any of its material operating subsidiaries at the time of the initial public offering or Exchange bulletin confirming final acceptance of a transaction;
- (c) a 20% holder – a Person or Company that holds securities carrying more than 20% of the voting rights attached to the issuer’s outstanding securities immediately before and immediately after the issuer’s initial public offering or immediately after the Exchange bulletin confirming final acceptance of a transaction;
- (d) a 10% holder – a Person or Company that
  - (i) holds securities carrying more than 10% of the voting rights attached to the issuer’s outstanding securities immediately before and immediately after the issuer's initial public offering or immediately after the Exchange bulletin confirming final acceptance of a transaction; and
  - (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the issuer or any of its material operating subsidiaries.

In calculating these percentages, securities that may be issued to the holder under outstanding convertible securities in both the holder's securities and the total securities outstanding are included.

A Company, trust, partnership or other entity more than 50% held by one or more Principals will be treated as a Principal. (In calculating this percentage, securities of the entity that may be issued to the principals under outstanding convertible securities in both the principals' securities of the entity and the total securities of the entity outstanding are included.) Any securities of the issuer that this entity holds will be subject to escrow requirements.

A Principal's spouse and their relatives that live at the same address as the Principal will also be treated as Principals and any securities of the issuer they hold will be subject to escrow requirements.

**"Promoter"** has the meaning prescribed in section 1(1) of the *Securities Act* (British Columbia).

**"Qualifying Transaction"** means a transaction where a CPC acquires Significant Assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another Company or by other means.

**"Resulting Issuer"** means the issuer that was formerly a CPC that exists upon issuance of the Final Exchange Bulletin.

**"SEDAR"** means System for Electronic Document Analysis and Retrieval.

**"Significant Assets"** means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions, would result in the CPC meeting the minimum listing requirements of the Exchange.

**"Sponsor"** has the meaning specified in Exchange Policy 2.2 – Sponsorship and Sponsorship Requirements.

**"TSX"** means the Toronto Stock Exchange, which is the senior stock exchange of the TSX Group Inc. and is headquartered in Toronto, Ontario, Canada.

**"Target Company"** means a Company to be acquired by the CPC as its Significant Asset pursuant to a Qualifying Transaction.

**"Vendors"** means one or all of the beneficial owners, of the Significant Assets (other than a Target Company).

## **1. SUMMARY OF PROSPECTUS**

*The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus.*

### **1.1 Business of the Corporation**

The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. Until the completion of a Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses in connection with a potential Qualifying Transaction. The Corporation has not commenced commercial operations and has no assets other than a minimum amount of cash. See “Business of the Corporation”.

### **1.2 Offering**

A total of 2,000,000 Common Shares are being offered under this prospectus at a price of \$0.10 per Common Share for gross proceeds of \$200,000. This Offering is being made on a best efforts basis by the Agent. In addition, the Corporation will, following the date of the Final Receipt, grant an option to the Agent which is a simple non-transferable option to purchase up to 200,000 Common Shares (10% of the number of Common Shares sold pursuant to this Offering) at a price of \$0.10 which will be exercisable for a period of 24 months from the Listing Date. The Agent’s Option and the options to be granted to the Directors and officers are also qualified for distribution under this prospectus.

The Corporation will also, following the date of the Final Receipt, grant options to its Directors to purchase Common Shares, all of which options are qualified for distribution under this prospectus. The options will provide for the purchase of up to 350,000 Common Shares and will be exercisable at \$0.10 per Share for a period of five years from the Closing Date. See “Plan of Distribution”.

### **1.3 Use of Proceeds**

The net proceeds to the Corporation will be approximately \$180,000. The net proceeds of this Offering will be used to provide the Corporation with a minimum of funds with which to identify and evaluate assets or businesses, for acquisition with a view to completing a Qualifying Transaction. The Corporation may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. Until Completion of the Qualifying Transaction and except as otherwise provided in the CPC Policy, a maximum of the lesser of 30% of the gross proceeds realized or \$210,000 may be used for purposes other than evaluating businesses or assets. See “Use of Proceeds”. Until completion of the Qualifying Transaction, neither the Corporation nor any party on behalf of the Corporation will engage the services of any person to provide investor relation activities or market making services.

### **1.4 Directors and Officers**

The Directors and officers of the Corporation – and the positions held by them – are as follows. See “Directors, Officers and Promoters”.

Xiaolin (Charlie) Cheng – Director, Chief Executive Officer  
Jian Hong (James) Zhang – Director and Chief Financial Officer  
Yingbin (Y.B.) Ian He – Director  
Nanmao Su – Director and Chairman

## **1.5 Escrow**

All of the currently issued and outstanding Common Shares of the Corporation, being 2,700,000 Common Shares, will be deposited in escrow pursuant to the terms of the Escrow Agreement and will be released from escrow in stages over a period of up to three years after the date of the Final Exchange Bulletin. See “Escrowed Securities”.

## **1.6 Dividend Policy**

It is not contemplated that any dividends will be paid on the Common Shares in the immediate or foreseeable future. See “Dividend Policy”.

## **1.7 Risk factors**

Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Corporation’s business and its present stage of development. The Corporation was only recently incorporated and has no active business or assets other than cash. It does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. The Offering is only suitable to investors who are prepared to rely entirely on the Directors and management of the Corporation and can afford to risk the loss of their entire investment. The Directors and officers of the Corporation will only devote part of their time and attention to the affairs of the Corporation and there are potential conflicts of interest to which the Directors and officers of the Corporation will be subject in connection with the operations of the Corporation. Assuming completion of the Offering, an investor will suffer an immediate dilution on investment of 28.7% or \$0.0287 per Share. There can be no assurance that an active and liquid market for the Corporation’s Common Shares will develop and an investor may find it difficult to resell the Common Shares. Until Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Corporation will be able to identify or complete a suitable Qualifying Transaction.

The Qualifying Transaction may involve the acquisition of a business or assets located outside of Canada. It may therefore be difficult or impossible to effect service of notice to commence legal proceedings upon any directors, officers and experts outside of Canada and it may not be possible to enforce against such Persons or companies judgments obtained in Canadian courts predicated upon the civil liability provisions applicable to securities laws in Canada. See “Risk Factors”.

## **2. CORPORATE STRUCTURE**

### **2.1 Name and Incorporation**

The full name of the Corporation is “**Jiulian Resources Inc.**”

The Registered Office of the Corporation is located at 2110 28th Street, West Vancouver, British Columbia, Canada V7V 4M3. The Head Office of the Corporation is located 3993 Michener Court, North Vancouver, British Columbia, Canada V7K 3C7.

The Corporation was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on October 17, 2006 under the name “Jiulian Resources Inc.”

### 3. BUSINESS OF THE CORPORATION

#### 3.1 Preliminary Expenses

The Corporation has incurred preliminary expenses, since its incorporation, of \$ 24,368.59 which are detailed in the table immediately below. Since the date of the Corporation's balance sheet included in this prospectus, the Corporation has incurred or accrued \$9,943 in expenditures. A portion of the proceeds of this Offering will be utilized to satisfy certain expenses or costs that relate to this Offering, including the expenses of its auditors, legal counsel, the Agent's legal counsel and the Agent's corporate finance fee.

To date the preliminary expenses which the Corporation has incurred have been for the following categories in the amounts indicated:

Legal fees and disbursements (plus taxes)	\$ 2,825.00
Accounting & audit (accrued)	7,500.00
Regulatory fees (plus GST)	848.00
Agent's corporate finance fee (plus GST) - Retainer	3,975.00
Advance to Agent against its legal fees	5,000.00
Business Consulting Fees & Expense	2,545.53
Director's Out of Pocket Expenses	908.34
Transfer Agent fees (including retainer)	572.40
General Office Expense	125.22
Bank Charges	69.10
<b>TOTAL:</b>	<b>\$ 24,368.59</b>

See "Use of Proceeds".

#### 3.2 Proposed Operations until Completion of a Qualifying Transaction

The Corporation proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a Non Arm's Length Qualifying Transaction is also subject to Majority of the Minority Approval in accordance with the CPC Policy. The Corporation has not conducted any commercial operations. The Corporation currently intends to pursue a Qualifying Transaction in the mining sector but there is no assurance that this will, in fact, be the business sector of a proposed Qualifying Transaction of the Corporation following Completion of the Qualifying Transaction.

Until completion of a Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. With the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition. Except as described under "Restrictions on Use of Proceeds" and "Private Placements for Cash", the funds raised pursuant to this Offering and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition. The Corporation has not yet entered into an Agreement in Principle.

### **3.3 Foreign Qualifying Transactions**

Under the CPC Policy, except where the Resulting Issuer is an Oil & Gas Issuer or a Mining Issuer (as such terms are defined in the CPC Policy), when the Qualifying Transaction of a CPC that is a reporting issuer in Ontario involves the acquisition of a Significant Asset not located in Canada or the United States, the Qualifying Transaction must be undertaken using a prospectus as the disclosure document. As it is anticipated that the Corporation will not be a reporting issuer in Ontario following completion of the Offering, this requirement does not apply to the Corporation.

### **3.4 Method of Financing**

The Corporation may use either cash, bank financing, the issuance of treasury shares, or public financing of debt or equity, or a combination of the foregoing, for the purpose of financing its proposed Qualifying Transaction. **A Qualifying Transaction financed by the issue of treasury shares could result in a change in the control of the Corporation and may cause the shareholders' interest in the Corporation to be further diluted.**

### **3.5 Criteria for a Qualifying Transaction**

The board of Directors of the Corporation must approve any proposed Qualifying Transaction. In exercising their powers and discharging their duties in relation to a proposed Qualifying Transaction, the Directors will act honestly and in good faith with a view to the best interests of the Corporation and will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The potential acquisitions will be screened initially by management of the Corporation to determine their economic viability. Approval of acquisitions will be made by the board of Directors. The board of Directors will examine proposed acquisitions having regard to, among other things, the (a) projected rate of return; (b) risk of loss; (c) prospects for growth; (d) skill of the management team; and (e) basic financing considerations, including the costs of the acquisition and the prospect of obtaining debt or equity financing to complete the acquisition.

### **3.6 Filings and Shareholder Approval of a Non Arm's Length Qualifying Transaction**

Upon the Corporation reaching an Agreement in Principle, the Corporation must issue a comprehensive news release, at which time the Exchange generally will halt trading in the Corporation's Common Shares until the filing requirements of the Exchange have been satisfied as set forth under "Trading Halts, Suspensions and Delisting". Within 75 days after issuance of such news release, the Corporation shall be required to submit for review to the Exchange either an information circular that complies with applicable corporate and securities laws or a filing statement that complies with Exchange requirements. An Information circular must be submitted where there is a Non Arm's Length Qualifying Transaction. A filing statement must be submitted where the Qualifying Transaction is not a Non Arm's Length Qualifying Transaction. The information circular or filing statement, as applicable, must contain prospectus level disclosure of the Target Company and the Corporation, assuming Completion of the Qualifying Transaction, and be prepared in accordance with the CPC Policy and Form 3B1 or Form 3B2. Upon acceptance by the Exchange, the Corporation must then either:

- (a) file the filing statement on SEDAR at least seven business days prior to closing of the Qualifying Transaction, and issue a news release which discloses the scheduled closing date for the Qualifying Transaction as well as the fact that the filing statement is available on SEDAR, or

- (b) mail the information circular and related proxy material to its shareholders in order to obtain the Majority of the Minority Approval of the Qualifying Transaction or other requisite approval, at a meeting of shareholders.

Unless waived by the Exchange, the Corporation will also be required to retain a Sponsor, who must be a member of the Exchange, and who will be required to submit to the Exchange a Sponsor Report prepared in accordance with the Policies of the Exchange. The Corporation will no longer be considered to be a CPC upon the Exchange having issued the Final Exchange Bulletin. The Exchange will generally not issue the Final Exchange Bulletin until the Exchange has received:

- (a) in the case of a Non Arm's Length Qualifying Transaction, confirmation of Majority of Minority Approval of the Qualifying Transaction;
- (b) confirmation of closing of the Qualifying Transaction; and
- (c) all post-meeting or final documentation, as applicable, otherwise required to be filed with the Exchange pursuant to the CPC Policy.

Upon issuance of the Final Exchange Bulletin, the CPC Policy will generally cease to apply, with the exception of the escrow provisions of the CPC Policy and the restrictions in the CPC Policy precluding the Corporation from completing a reverse take-over for a period of one year from the Completion of the Qualifying Transaction.

### **3.7 Potential Qualifying Transaction**

The Corporation has not, as of the date hereof, entered into negotiations respecting a potential Qualifying Transaction.

### **3.8 Minimum Listing Requirements**

The Resulting Issuer must satisfy the Exchange's minimum listing requirements for the particular industry sector in either Tier 1 or Tier 2 as prescribed under the applicable Policies of the Exchange.

### **3.9 Trading Halts, Suspension and Delisting**

The Exchange will generally halt trading in the Common Shares from the date of the public announcement of an Agreement in Principle until all filing requirements of the Exchange have been satisfied, which includes the submission of a Sponsorship Acknowledgment Form, where the Qualifying Transaction is subject to sponsorship. In addition, personal information forms for all individuals who may be directors, senior officers, promoters, or insiders of the Resulting Issuer must be filed with the Exchange and any preliminary background searches that the Exchange considers necessary or advisable, must also be completed, before the trading halt will be lifted by the Exchange.

Even if all filing requirements have been satisfied and preliminary background checks completed, the Exchange may continue or reinstate a halt in trading of the Common Shares for public policy reasons including:

- (a) the unacceptable nature of the business of the Resulting Issuer; or
- (b) the number of conditions precedent to, or the nature and number of deficiencies required to be resolved prior to, completion of the Qualifying Transaction, are so significant or



numerous as to make it appear to the Exchange that the halt should be reinstated or continued.

The Exchange may also impose a trading halt where the Corporation fails to file the supporting documents relating to the Qualifying Transaction within a period of 75 days after public announcement of the Agreement in Principle or if the CPC fails to file post-meeting or final documents as applicable, within the time required. A trading halt may also be imposed if a Sponsor terminates its sponsorship.

The Exchange may suspend from trading or delist the Common Shares of the Corporation where the Exchange has not issued a Final Exchange Bulletin to the CPC within 24 months of the date of listing. In the event that the Common Shares of the Corporation are delisted by the Exchange, within 90 days from the date of such delisting, the Corporation shall wind up and shall make a pro rata distribution of its remaining assets to its shareholders, unless shareholders, pursuant to a majority vote exclusive of the votes of Non Arm's Length Parties to the Corporation, determine to deal with the issuer or its remaining assets in some other manner. See "Filings and Shareholder Approval of a Non Arm's Length Qualifying Transaction".

### **3.10 Refusal of Qualifying Transaction**

The Exchange, in its sole discretion, may not accept a Qualifying Transaction where:

- (a) the Resulting Issuer fails to satisfy the applicable minimum listing requirements of the Exchange;
- (b) the aggregate number of securities of the Resulting Issuer owned, directly or indirectly, by
  - (i) a member firm of the Exchange;
  - (ii) registrants, unregistered corporate finance professionals, employee shareholders and partners of such member firm; and
  - (iii) associates of any such Person,collectively, would exceed 20% of the issued and outstanding securities of the Resulting Issuer;
- (c) the Resulting Issuer will be a financial institution, finance company, finance issuer or mutual fund, as defined in the securities legislation;
- (d) the majority of the directors and senior officers of the Resulting Issuer are not residents of Canada or the United States or are individuals who have not demonstrated positive association as directors or officers with public companies that are subject to a regulatory regime comparable to the companies listed on a Canadian exchange; or
- (e) notwithstanding the definition of a Qualifying Transaction, there is any other reason for denying acceptance of the Qualifying Transaction.

#### 4. USE OF PROCEEDS

##### 4.1 Proceeds and Principal Purposes

The Corporation confirms or anticipates the following proceeds and expenses:

- (a) gross proceeds of \$135,000 confirmed from the sale of Common Shares prior to the date of this prospectus;
- (b) gross proceeds of \$200,000 to be received by the Corporation from the sale of the Common Shares distributed under this prospectus;
- (c) approximate initial expenses and costs of \$12,500 for the Agent’s corporate finance fee and fees of the Agent’s counsel;
- (d) approximate expenses and costs of \$44,350 for filing fees, legal fees, audit fees, printing costs, taxes, and costs ancillary to the Offering;
- (e) Agent’s commission of \$20,000; and
- (f) Approximately \$258,150 total net proceeds.

The following table indicates the gross proceeds to the Corporation from the seed shares and from this Offering and the principal uses to which the Corporation has used and proposes to use the total funds available to it upon the completion of this Offering:

PROCEEDS AND EXPENSES	AMOUNT
Gross cash proceeds raised prior to this Offering <sup>(1)</sup>	\$135,000
Gross cash proceeds to be raised pursuant to this Offering <sup>(2)</sup>	\$200,000
Estimated expenses and costs relating to raising the seed share proceeds <sup>(3)</sup>	\$0
Estimated expenses and costs up to completion of this Offering <sup>(4)</sup>	\$(76,850)
<b>Estimated funds available on completion of the Offering</b>	<b>\$258,150</b>
Estimated general and administrative expenses until Completion of the Qualifying Transaction	\$(30,000)
<b>Funds available for identifying and evaluating assets or business prospects <sup>(5)</sup></b>	<b>\$ 228,150</b>

Notes:

- (1) See “Prior Sales”
- (2) In the event that the Agent exercises the Agent’s Option, and the Directors and Officers exercise their options, there will be available to the Corporation a maximum of an additional \$55,000 which will be added to the working capital of the Corporation. There is no assurance that any of these options will be exercised.
- (3) No issue costs have been allocated toward the issuance of the seed shares. See “Financial Statements”.
- (4) Includes listing fees, Agent’s commission, Agent’s corporate finance fee, legal fees, audit fees, and general property investigation and administrative expenses.

- (5) *In the event that the Corporation enters into an Agreement in Principle prior to spending the entire amount available for identifying and evaluating assets or businesses, the remaining funds may be used to finance or partially finance the acquisition of Significant Assets or for working capital after Completion of the Qualifying Transaction.*

Until required for the Corporation's purposes, the proceeds of this Offering will only be invested in securities of, or those guaranteed by, the Government of Canada or any Province or territory of Canada or the Government of the United States of America, in certificates of deposit or interest-bearing accounts of Canadian chartered banks, trust companies or credit unions.

The proceeds from this Offering and any prior sale of Common Shares, after deducting the expenses associated with this Offering, will only be sufficient to identify and evaluate a finite number of assets and businesses, and additional funds may be required to finance any acquisition to which the Corporation may commit.

#### **4.2 Permitted Use of Funds**

Until the Completion of the Qualifying Transaction and except as otherwise specifically provided by the CPC Policy and described in "Restrictions on Use of Proceeds", "Private Placements for Cash" and "Prohibited Payments to Non Arm's Length Parties", the gross proceeds realized from the sale of all securities issued by the Corporation will be used by the Corporation only to identify and evaluate businesses or assets and obtain shareholder approval for a proposed Qualifying Transaction.

The proceeds may be used for expenses incurred for the preparation of:

- (i) valuations or appraisals;
- (ii) business plans;
- (iii) feasibility studies and technical assessments;
- (iv) sponsorship reports;
- (v) engineering or geological reports;
- (vi) financial statements, including audited financial statements;
- (vii) fees for legal and accounting services; and
- (viii) Agents' fees, costs and commissions

relating to the identification and evaluation of assets or businesses and in the case of a Non Arm's Length Qualifying Transaction, the obtaining of shareholder approval for the Corporation's proposed Qualifying Transaction.

In addition, with the prior acceptance of the Exchange, up to an aggregate of \$225,000 may be advanced as a refundable deposit or secured loan by the Corporation to a Vendor or Target Company, as the case may be, for a proposed arm's length Qualifying Transaction that has been publicly announced at least 15 days prior to the date of such advance, due diligence with respect to the Qualifying Transaction is well underway and either a Sponsor has been engaged or sponsorship has been waived. A maximum aggregate amount of \$25,000 may also be advanced as a non-refundable deposit, unsecured deposit or advance to a Vendor or Target Company, as the case may be, to preserve assets without the prior acceptance of the Exchange.

#### **4.3 Restrictions on Use of Proceeds**

Until Completion of a Qualifying Transaction, not more than the lesser of 30% of the gross proceeds from the sale of all securities issued by the Corporation – or \$210,000, will be used for purposes other than those described above. For greater certainty, expenditures which are not included as “Permitted Use of Funds” include:

- (a) listing and filing fees (including SEDAR fees);
- (b) other costs for the issuance of securities (including legal, accounting and audit expenses) relating to the preparation and filing of this prospectus; and
- (c) administrative and general expenses of the Corporation, including:
  - (i) office supplies, office rent and related utilities;
  - (ii) printing costs (including the printing of this prospectus and share certificates);
  - (iii) equipment leases; and
  - (iv) fees for legal advice and audit expenses, other than those described above under “Permitted Use of Funds”.

Until Completion of a Qualifying Transaction, no proceeds will be used to acquire or lease a vehicle.

#### **4.4 Private Placements for Cash**

After the closing of the Offering and until the Completion of the Qualifying Transaction, the Corporation will not issue any securities unless written acceptance of the Exchange is obtained before issuance. Prior to the Completion of the Qualifying Transaction, the Exchange generally will not accept a private placement by the Corporation where the gross proceeds raised from the issuance of securities both prior to and pursuant to the Offering, together with any proceeds anticipated to be raised upon closing of the private placement, will exceed \$2,000,000. The only securities issuable pursuant to such a private placement will be Common Shares. Subject to certain limited exceptions, any Common Shares issued pursuant to the private placement to Non Arm’s Length Parties to the Corporation and to Principals of the Resulting Issuer will be subject to escrow.

#### **4.5 Prohibited Payments to Non Arm’s Length Parties**

Except as described in “Options to Purchase Securities” and “Restrictions on Use of Proceeds” the Corporation has not made, and until the Completion of the Qualifying Transaction will not make, any payment of any kind, directly or indirectly, to a Non Arm’s Length Party to the Corporation or a Non Arm’s Length Party to the Qualifying Transaction, or to a Person engaged in investor relations activities, by any means, including:

- (a) remuneration, which includes but is not limited to salaries, consulting fees, management contract fees or Directors’ fees, finders’ fees, loans, advances and bonuses, and
- (b) deposits and similar payments.

Further, no such payment will be made on or after the Completion of a Qualifying Transaction if such payment relates to services rendered or obligations incurred prior to or in connection with the Qualifying Transaction.

Notwithstanding the above, the Corporation may reimburse a Non Arm's Length Party to the Corporation for reasonable expenses for office supplies, office rent and related utilities, equipment leases (excluding vehicle leases), and legal services (provided that neither the lawyer providing the legal services nor any member of the law firm providing the services is a promoter of the Corporation or in the case of a law firm, no member of the firm, owns greater than 10% of the outstanding Common Shares of the Corporation), and the Corporation may also reimburse a Non Arm's Length Party to the Corporation for reasonable out-of-pocket expenses incurred in pursuing the business of the Corporation described in "Permitted Use of Funds".

The foregoing restrictions on the use of proceeds and prohibitions on payments to Non Arm's Length Parties and persons engaged in investor relations activities continue to apply until the Completion of the Qualifying Transaction.

## **5. PLAN OF DISTRIBUTION**

### **5.1 Agency Agreement and Agent's Compensation**

Pursuant to the Agency Agreement dated as of April 18, 2007 between the Corporation and the Agent, the Corporation has appointed the Agent as its agent to offer for sale on a best efforts basis to the public 2,000,000 Common Shares as provided in this prospectus, at a price of \$0.10 per Share, for gross proceeds of \$200,000, subject to the terms and conditions in the Agency Agreement. The Agent will receive a commission of 10% of the aggregate gross proceeds from the sale of the Common Shares. In addition, the Corporation will pay to the Agent a corporate finance fee of \$7,500 plus GST and will pay the Agent's legal fees and expenses (estimated at \$5,000 plus GST and PST).

The Corporation has also agreed to grant to the Agent the Agent's Option which is a simple nontransferable option to purchase 200,000 Common Shares, exercisable at a price of \$0.10 per Share during the period of 24 months measured from the Listing Date. The Agent's Option is qualified under this prospectus. Not more than 50% of the Common Shares received on the exercise of the Agent's Option may be sold by the Agent prior to the Completion of the Qualifying Transaction. The remaining 50% may be sold after the Completion of the Qualifying Transaction. The Agent has agreed to use its best efforts to secure subscriptions for the Common Shares offered hereunder on behalf of the Corporation and may make co-brokerage arrangements with other investment dealers at no additional cost to the Corporation. The obligations of the Agent under the Agency Agreement may be terminated at its discretion on the basis of its assessment of the state of financial markets and may also be terminated on the occurrence of certain events as stated in the Agency Agreement.

### **5.2 Best Efforts Offering and Minimum Distribution**

The total Offering is for a minimum of 2,000,000 Common Shares for total gross proceeds of \$200,000. Under the CPC Policy, no purchaser of the Common Shares is permitted to purchase more than 2% or 40,000 Common Shares. In addition, the maximum number of Common Shares permitted to be purchased by that purchaser together with any Associates or Affiliates of that purchaser is 4% or 80,000 Common Shares of the total number of Common Shares under the Offering. The funds received from the Offering will be held by the Agent and will not be released until a minimum of \$200,000 has been deposited. The total subscription must be raised within 90 days of the date a receipt for the prospectus is issued, or such other time as may be consented to by persons or companies who subscribed within that period, failing

which the Agent will remit the funds collected to the original subscribers without interest or deduction, unless subscribers have otherwise instructed the Agent.

### **5.3 Other Securities To Be Distributed**

The Corporation also proposes to grant options to purchase 350,000 Common Shares to Directors of the Corporation in accordance with the policies of the Exchange, which options are qualified for distribution under this prospectus. The options will be granted on the Closing Date and will be exercisable at \$0.10 per Share.

### **5.4 Determination of Price**

The offering price per Common Share was determined arbitrarily by the Directors of the Corporation.

### **5.5 Listing Application**

The Corporation has concurrently applied to list its Common Shares on the Exchange. Listing will be subject to the Corporation fulfilling all the listing requirements of the Exchange.

### **5.6 Subscriptions by and Restrictions on the Agent**

The Agent has advised the Corporation that to the best of its knowledge and belief, neither it, nor any of its Directors, officers, employees or contractors or any Associate or Affiliate of the foregoing have subscribed for Common Shares of the Corporation.

The aggregate number of Common Shares permitted to be owned directly or indirectly by the participants referred to above is 20% of the issued and outstanding Common Shares of the Corporation exclusive of Common Shares reserved for issuance at a future date.

### **5.7 Restrictions on Trading**

Other than the initial distribution of the Common Shares pursuant to this prospectus, the grant of the Agent's Option and the grant of options to the Directors, officers and technical consultants of the Corporation no securities of the Corporation will be permitted to be issued during the period between the date a receipt for the preliminary prospectus is issued by the Commission and the time the Common Shares are listed for trading on the Exchange, except subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authorities grant a discretionary order.

## **6. DESCRIPTION OF THE SECURITIES DISTRIBUTED**

The Corporation, together with the Agent, proposes to distribute a minimum of 2,000,000 Common Shares pursuant to this prospectus. The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value of which, as at the date hereof, 2,700,000 are issued and outstanding as fully paid and non-assessable, up to 200,000 are reserved under the Agent's Option and up to 350,000 are reserved for issuance under options to be granted to Directors and officers. See "Plan of Distribution" and "Options to Purchase Securities".

The holders of Common Shares are entitled to dividends, if, as and when declared by the board of Directors, to one vote per share at meetings of the shareholders of the Corporation and, upon liquidation, to share equally in such assets of the Corporation as are distributable to the holders of Common Shares.

All Common Shares to be outstanding after completion of this Offering will be fully paid and nonassessable.

## 7. CAPITALIZATION

The following table sets out the share and loan capital of the Corporation:

	<b>Amount authorized</b>	<b>Amount outstanding as of the date of the most recent balance sheet contained in the prospectus<sup>(1)</sup></b>	<b>Amount outstanding at date of the prospectus</b>	<b>Amount to be outstanding if all Common Shares being offered are sold</b>
Common Shares	Unlimited	\$135,000 (2,700,000 Common Shares)	\$135,000 (2,700,000 Common Shares)	\$335,000 <sup>(2) (3)</sup> (4,700,000 Common Shares)
Long Term Debt	Nil	Nil	Nil	Nil

*Notes:*

- (1) *As at the date of the Corporation's most recent balance sheet, the Corporation had no retained earnings and has not commenced commercial operations.*
- (2) *The figure given does not anticipate the exercise of any of the options referred to in "Options to Purchase Securities" – which will be granted to the Agent as to 200,000 Common Shares and to the Directors as to 350,000 Common Shares. The Agent's Option will expire 24 months after the Listing Date and the Directors' and Officers' Options will expire no later than five years after the Closing Date.*
- (3) *The proceeds from the sale of the Offering will be \$200,000 - before deducting the Agent's commission, corporate finance fee and the fees, expenses and other costs of the Offering – estimated at \$76,850.*

## 8. OPTIONS TO PURCHASE SECURITIES

### 8.1 Options

#### 8.1.1 Agent's Options

<b>Optionee</b>	<b>Number of Common Shares Optioned</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Leede Financial Markets Inc. Suite 1800 – 1140 West Pender Street Vancouver, British Columbia, V6E 4G1	200,000	\$0.10	24 months after Listing Date

### 8.1.2 Directors' and Officers' Options

The Corporation proposes to grant to its Directors and Officers, on the Closing Date, options to purchase up to 350,000 Common Shares, exercisable at \$0.10 per share for a period of five years from the Closing Date as follows:

<b>Optionee</b>	<b>Number of Common Shares Optioned</b>	<b>Exercise Price</b>	<b>Expiry Date <sup>(1)</sup></b>
Xiaolin (Charlie) Cheng	70,000	\$0.10	Five years after Closing Date
Jian Hong (James) Zhang	70,000	\$0.10	Five years after Closing Date
Yingbin (Y.B.) Ian He	70,000	\$0.10	Five years after Closing Date
Nanmao Su	140,000	\$0.10	Five years after Closing Date
<b>Total</b>	<b>350,000</b>		

*Note:*

(1) *The options will expire earlier if the holder ceases to act as a director or officer of the Corporation, or shall die.*

The Corporation has adopted a stock option plan, dated April 2, 2007, (the “**Stock Option Plan**”) which is in compliance with the requirements of the Exchange. When the options are granted they will be granted pursuant to the Plan.

The options to purchase 350,000 Common Shares to be granted on the Closing Date to the Directors are qualified for distribution pursuant to this prospectus.

### **8.2 Stock Option Terms**

The Corporation’s Stock Option Plan provides that the Board of Directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to Directors, officers and technical consultants to the Corporation, 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, exercisable for a period of up to 5 years from the date of grant. The number of Common Shares reserved for issuance to any individual Director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding Common Shares. Options may be exercised the greater of 12 months after the Completion of the Qualifying Transaction and 12 months following cessation of the optionee’s position with the Corporation, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Any Common Shares acquired pursuant to the exercise of options prior to the Completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See “Escrowed Securities”.



## 9. DIVIDEND POLICY

No dividends have been paid on any of the Common Shares of the Corporation since the date of its incorporation and it is not contemplated that any dividends will be paid in the immediate or foreseeable future.

## 10. PRIOR SALES

Since the date of incorporation of the Corporation, 2,700,000 Common Shares have been issued as follows.

Date	Number of Common Shares	Issue Price per Share	Aggregate Issue Price	Consideration Received
January 2, 2007	2,700,000	\$0.05	\$135,000	\$135,000 (Cash)

## 11. ESCROWED SECURITIES

### 11.1 Securities Escrowed Prior to the Completion of the Qualifying Transaction

All of the 2,700,000 Common Shares issued prior to this Offering at a price of \$0.05 per Common Share, all Common Shares that may be acquired by Non Arm's Length Parties of the Corporation either under the Offering or otherwise prior to Completion of the Qualifying Transaction and all Common Shares acquired by members of the Aggregate Pro Group prior to this Offering will be deposited with the Escrow Agent under the Escrow Agreement.

All Common Shares acquired on exercise of stock options prior to the Completion of a Qualifying Transaction, must also be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

In addition, all Common Shares of the Corporation acquired in the secondary market prior to the Completion of a Qualifying Transaction by any Person or Company who becomes a Control Person are required to be deposited in escrow. Subject to certain exemptions permitted by the Exchange, all securities of the Corporation held by Principals of the Resulting Issuer, will also be escrowed.

The following table sets out, as at the date hereof, the number of Common Shares of the Corporation which are held in escrow.

Name and Municipality of Residence of Shareholder	Common Shares Owned	Number of Common Shares held in escrow	Percentage of Common Shares prior to giving effect to the Offering	Percentage of Common Shares after giving effect to the Offering
Xiaolin (Charlie) Cheng Delta, BC	800,000	800,000	29.6%	17.0%
Jian Hong (James) Zhang Coquitlam, BC	100,000	100,000	3.7%	2.1%

<b>Name and Municipality of Residence of Shareholder</b>	<b>Common Shares Owned</b>	<b>Number of Common Shares held in escrow</b>	<b>Percentage of Common Shares prior to giving effect to the Offering</b>	<b>Percentage of Common Shares after giving effect to the Offering</b>
Nanmao Su Scarborough, ON	1,200,000	1,200,000	44.4%	25.5%
Yingbin (Y.B.) Ian He North Vancouver, BC	600,000	600,000	22.2%	12.8%
<b>Totals</b>	2,700,000	2,700,000	100%	57.4%

Where the Common Shares of the Corporation which are required to be held in escrow are held by a non-individual (a “**holding company**”), each holding company pursuant to the Escrow Agreement has agreed, or will agree, not to carry out any transactions during the currency of the Escrow Agreement which would result in a change of control of the holding company, without the consent of the Exchange. Any holding company must sign an undertaking to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities which could reasonably result in a change of control of the holding company. In addition, the Exchange may require an undertaking from any Control Person of the holding company not to transfer the shares of that Company.

Under the Escrow Agreement, 10% of the escrowed Common Shares will be released from escrow on the issuance of the Final Exchange Bulletin (the “**Initial Release**”) and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

If, upon completion of a Qualifying Transaction, the Corporation meets the Exchange’s Tier 1 minimum listing requirements either at the time the Final Exchange Bulletin is issued or subsequently, the release of the escrowed Common Shares will be accelerated. An accelerated escrow release will not commence until the Resulting Issuer has made application to the Exchange for listing as a Tier 1 issuer and the Exchange has issued a bulletin that announces the acceptance for listing of the Resulting Issuer on Tier 1 of the Exchange.

The Exchange’s prior consent must be obtained before a transfer within escrow of escrowed Common Shares. Generally, the Exchange will only permit a transfer within escrow to be made to incoming Principals in connection with a proposed Qualifying Transaction.

If a Final Exchange Bulletin is not issued, the escrowed Common Shares will not be released. Under the Escrow Agreement each Non Arm’s Length Party to the Corporation who holds escrowed Common Shares acquired at a price below the Offering price under this prospectus has irrevocably authorized and directed the Escrow Agent to immediately:

- (a) cancel all of those escrowed Common Shares upon the issuance by the Exchange of a bulletin delisting the Common Shares of the Corporation; or
- (b) if the Corporation is listed on NEX, either:

- (i) cancel all Seed Shares purchased by Non Arm's Length Parties to the CPC at a discount from the IPO price, in accordance with section 11.2(a) of the CPC Policy, or
- (ii) subject to majority shareholder approval, cancel an amount of Seed Shares purchased by Non Arm's Length Parties to the CPC so that the average cost of the remaining Seed Shares is at least equal to the IPO price.

## 11.2 Escrowed Securities On Qualifying Transaction

Generally, if at least 75% of the securities issued pursuant to the Qualifying Transaction are “Value Securities”, then all of the securities issued to Principals of the Resulting Issuer pursuant to the Qualifying Transaction will be deposited into escrow pursuant to a value security agreement (the “**Value Security Escrow Agreement**”). “Value Securities” are securities issued pursuant to a transaction, for which the deemed value of the securities at least equals the value ascribed to the asset, using a valuation method acceptable to the Exchange, or securities that are otherwise determined by the Exchange to be Value Securities and required to be placed in escrow under a Value Security Escrow Agreement. However, if at least 75% of the securities issued pursuant to the Qualifying Transaction are not Value Securities, all securities issued pursuant to the Qualifying Transaction will be deposited into a surplus security escrow agreement (a “**Surplus Security Escrow Agreement**”).

The principal distinction between a Value Security Escrow Agreement and a Surplus Security Escrow Agreement is the time period for release of securities from escrow. In the case of a Resulting Issuer that will be a Tier 2 issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for a three year escrow release mechanism with 10% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, and 15% of the escrowed securities being releasable every 6 months thereafter, on each of the 6, 12, 18, 24, 30 and 36 month anniversaries of the Final Exchange Bulletin. In the case of a Resulting Issuer that will be a Tier 2 issuer, when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a six year escrow release mechanism with:

- (a) 5% of the escrowed securities being releasable in 6 month intervals on each of the 6, 12, 18 and 24 month anniversaries of the Final Exchange Bulletin; and
- (b) 10% of the escrowed securities being releasable in 6 month intervals on each of the 30, 36, 42, 48, 54, 60, 66 and 72 months after the Final Exchange Bulletin.

In the case of a Resulting Issuer that will be a Tier 1 issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for an 18 month escrow release mechanism with 25% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, with 25% of the escrowed securities being releasable every 6 months thereafter. In the case of a Resulting Issuer that will be a Tier 1 issuer when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a three year escrow release mechanism with:

- (a) 10% of the escrowed securities being releasable upon the issuance of the Final Exchange Bulletin, and
- (b) 15% of the escrowed securities being releasable in 6 month intervals on each of the 6, 12, 18, 24, 30 and 36 months after the Final Exchange Bulletin.

Securities issued pursuant to a private placement to Principals of the Corporation and the proposed Resulting Issuer will generally be exempt from escrow requirements where:

- (a) the private placement is announced at least five trading days after the news release announcing the Agreement in Principle and the pricing for the financing is at not less than the discounted market price, as determined in accordance with the Policies of the Exchange; or
- (b) the private placement is announced concurrently with the Agreement in Principle and
  - (i) at least 75% of the proceeds from the private placement are not from Principals of the Corporation or the proposed Resulting Issuer,
  - (ii) if subscribers, other than Principals of the Corporation or the proposed Resulting Issuer, will obtain securities subject to hold periods, then in addition to any resale restrictions under applicable securities legislation, any securities issued to such Principals will be subject to a four month hold period, and
  - (iii) none of the proceeds of the private placement are allocated to pay compensation or to settle indebtedness owing to Principals of the Resulting Issuer.

## 12. PRINCIPAL SHAREHOLDERS

The following table lists those Persons who own 10% or more of the issued and outstanding Common Shares of the Corporation as at the date hereof:

Name and Municipality of Residence of Shareholder	Type of Ownership	Number of Common Shares	Percentage of Common Shares Owned Before Offering	Percentage Owned After Offering Undiluted <sup>(1)</sup>	Percentage Owned After Offering – Fully Diluted <sup>(2)</sup>
Xioalin (Charlie) Cheng Delta, BC	direct	800,000	29.6%	17.0%	16.6%
Nanmao Su Scarborough, ON	direct	1,200,000	44.4%	25.5%	25.5%
Yingbin (Y.B) Ian He North Vancouver, BC	direct	600,000	22.2%	12.8%	12.8%
<b>TOTAL:</b>		<b>2,600,000</b>	<b>96.3%</b>	<b>55.3%</b>	<b>54.9% <sup>(3)</sup></b>

Notes:

- (1) The figures given in this column do not anticipate the exercise of any of the options which the Corporation has granted or proposes to grant as disclosed in “Options”.
- (2) The figures given in this column assume that the Agent’s Option to purchase up to 200,000 common shares and Directors’ and Officers’ options to purchase up to 350,000 common shares described in “Options” have been fully exercised – which would result in the issued and outstanding Common Shares of the Corporation being increased to 5,250,000 Common Shares.

*For purposes of this calculation, each Director and officer is assumed to have exercised all options held by such Director and officer.*

- (3) *The total number of Common Shares held by the above Persons on a fully-diluted basis after giving effect to the Offering and the exercise of all options would be 2,880,000 Common Shares representing approximately 54.9% of the issued and outstanding Common Shares.*

### 13. DIRECTORS, OFFICERS AND PROMOTERS

#### 13.1 Name, Address, Occupation and Security Holdings

<b>Name &amp; Address</b>	<b>Occupation</b>	<b>Security Holdings</b>
Xiaolin (Charlie) Cheng Delta, BC	Geologist, Director and Chief Executive Officer of Corporation	800,000 Common Shares
Jian Hong (James) Zhang Coquitlam, BC	Certified General Accountant, Director and Chief Financial Officer of the Corporation	100,000 Common Shares
Nanmao Su Scarborough, ON	Businessman, and Director of the Corporation	1,200,000 Common Shares
Yingbin (Y.B.) Ian He North Vancouver, BC	Businessman, Director of the Corporation	600,000 Common Shares

In addition to any other requirements of the Exchange, the Exchange expects management of the Corporation to meet a high management standard. The Directors and officers of the Corporation believe that, on a collective basis, management possesses the appropriate experience, qualifications and history to be capable of identifying, investigating and acquiring a Significant Asset.

For particulars of the shareholdings of the Directors and officers, see “Principal Shareholders”. For particulars of the occupations of the Directors and officers see below. The Directors and Officers of the Corporation, as a group, own 2,700,000 Common Shares, being 100% of the issued Common Shares of the Corporation as of the date hereof.

The Board of Directors of the Corporation has established only one committee, being the Audit Committee – which is comprised of Jian Hong (James) Zhang, Y.B. Ian He and Nanmao Su.

The following information with respect to each of the Directors, officers and promoters of the Corporation is given:

***Xiaolin (Charlie) Cheng, Chief Executive Officer (Age: 48 years)***

Mr. Cheng was appointed a Director and the Chief Executive Officer of the Corporation on October 17, 2006. Mr. Cheng holds a Ph.D degree in Geology from the University of British Columbia, and has over 20 years of experience in mining industry. Mr. Cheng was formerly the Chairman and Chief Executive Officer of Tiger Pacific Mining Corp. from February 2004 to April 2005. Mr. Cheng was the Exploration Manager for China for Southwestern Resources Corp. from April 1998 to December 2003. Prior to that, Mr. Cheng was Project Manager for Samex Mining Co. from October 1997 to April 1998. Mr. Cheng was also the Exploration Geologist for Farallon Resources Ltd. from July 1996 to September 1997. It is

anticipated that Mr. Cheng's involvement with the Corporation will be approximately 40% of his time, on average.

***Jian Hong (James) Zhang, Chief Financial Officer and Director (Age: 42 years)***

Mr. Zhang was appointed a Director and the Chief Financial Officer of the Corporation on January 12, 2007. Mr. Zhang is the owner and President of Oslar Enterprises Inc., an accounting and financial services company based in British Columbia. Mr. Zhang has over 20 years of experience in the accounting industry in both Canada (16 years) and China (5years). Mr. Zhang served as Chief Financial Officer for Spur Ventures Inc., a TSX listed company and controller for Tengtu International Corp., a company listed on the OTC Bulletin Board. It is anticipated that Mr. Zhang's involvement with the Corporation will be approximately 10% of his time, on average.

***Yingbin (Y.B.) Ian He, Director (Age: 45 years)***

Mr. He became a Director of the Corporation upon its incorporation on October 17, 2006. He holds a Ph.D degree in Mineral Process Engineering from the University of British Columbia and has over 20 years of experience in the mining industry. Mr. He was the President and a director of Spur Ventures Inc., a TSX listed company, from August 1995 to June 2006 and a director of Golden China Resources Inc. (formerly APAC Minerals Inc., an Exchange listed company) from September 1996 to October 1998. Mr. He is presently a director of Jinshan Gold Mines Inc., a company listed on the TSX, since May 2000 and Consolidated H2O Entertainment Corp., a company listed on the NEX since October 2006. Mr. He provides business consulting services through YBHE Consultants Ltd., a private company of which he is the President. It is anticipated that Mr. He's involvement with the Corporation will be approximately 10% of his time, on average.

***Nanmao Su, Director (Age: 49 years)***

Mr. Su was appointed a Director of the Corporation on October 17, 2006. He holds a B.Sc. degree and an M.Sc. degree both in geology from China Geological University. Mr. Su is the Chairman of Dongying Delta Forestry Development Co., a tree plantation and forest product company based in Dongying City, China, since August 1997. Mr. Su is also a director of Huaxi Jiye Minerals Corp., a mineral exploration company based in China. It is anticipated that Mr. Su's involvement with the Corporation will be approximately 10% of his time, on average.

**13.2 Other Reporting Issuer Experience**

The following table sets out the Directors, officers and promoters of the Corporation that are, or have been within the last five years, directors, officers or promoters of other issuers that are or were reporting issuers in any Canadian jurisdiction:

<b>Name</b>	<b>Name of Reporting Issuer</b>	<b>Name of Exchange or Market (if applicable)</b>	<b>Position</b>	<b>From</b>	<b>To</b>
Xiaolin (Charlie) Cheng	Tiger Pacific Mining Corp.	TSX-V	Chairman and Chief Executive Officer	Feb /04	April /05

<b>Name</b>	<b>Name of Reporting Issuer</b>	<b>Name of Exchange or Market (if applicable)</b>	<b>Position</b>	<b>From</b>	<b>To</b>
Jian Hong (James) Zhang	Spur Ventures Inc.	TSX	Chief Financial Officer	Jan /04	Jul /04
	Tengtutu International Corp.	OTCBB	Controller	Jun /01	Mar /02
Yingbin (Y.B.) Ian He	Consolidated H2O Entertainment Corp.	TSX-V	Director	Oct /06	present
	Jinshan Gold Mines Inc.	TSX	Director	May /00	present
	Golden China Resources Inc. (formerly APAC Minerals Inc.)	TSX	Director	Sep /96	Oct /98
	Spur Ventures Inc.	TSX	President and Director	Aug /95	Jun /06

### **13.3 Corporate Cease Trade Orders or Bankruptcies**

To the Corporation's knowledge no Director, officer, insider or promoter of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation is, or within 10 years before the date of the prospectus, has been a director, officer, insider or promoter of any other issuer that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days, or
- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### **13.4 Penalties or Sanctions**

To the Corporation's knowledge, no director, officer, insider, or promoter or a shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such person has been subject to any penalties or sanctions imposed by a court relating to securities legislation, or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

### 13.5 Personal Bankruptcies

To the Corporation's knowledge no Director, officer insider, or promoter or a shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such person has, within the ten years prior to the date of the prospectus, as applicable become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets.

### 13.6 Conflicts of Interest

There are potential conflicts of interest to which all of the Directors, officers, insiders and promoters of the Corporation will be subject in connection with the operations of the Corporation. All of the Directors, officers, insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the search by the Corporation for businesses or assets in order to close a Qualifying Transaction. Accordingly, situations may arise where all of the Directors, officers, insiders and promoters will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies as provided under the *Business Corporations Act* (British Columbia).

## 14. EXECUTIVE COMPENSATION

Except as set out below or otherwise disclosed in this prospectus, prior to Completion of a Qualifying Transaction, no payment of any kind has been made, or will be made, directly or indirectly, by the Corporation to a Non Arm's Length Party to the Corporation or a Non Arm's Length Party to the Qualifying Transaction, or to any Person engaged in investor relations activities in respect of the securities of the Corporation or any Resulting Issuer by any means, including:

- (a) remuneration, which includes but is not limited to:
  - (i) salaries;
  - (ii) consulting fees;
  - (iii) management contract fees or Directors' fees;
  - (iv) finders fees;
  - (v) loans, advances, bonuses; and
- (b) deposits and similar payments.

However, the Corporation may reimburse Non Arm's Length Parties for the Corporation's reasonable allocation of rent, secretarial services and other general administrative expenses, at fair market value ("**Permitted Reimbursement**"), which reimbursements, since incorporation, have totaled the aggregate sum of \$Nil. No reimbursement may be made for any payment made to lease or buy a vehicle.

The Directors and officers of the Corporation have also been granted stock options as more particularly described in "Options".

Following Completion of the Qualifying Transaction, it is anticipated that the Corporation shall pay compensation to its Directors and officers. However, no payment other than the Permitted



Reimbursements, will be made by the Corporation or by any party on behalf of the Corporation, after Completion of the Qualifying Transaction, if the payment relates to services rendered or obligations incurred or in connection with the Qualifying Transaction.

## **15. DILUTION**

Purchasers of Common Shares under this prospectus will suffer an immediate dilution of 28.7% or \$0.0287 per Share on the basis of there being 4,700,000 Common Shares issued and outstanding following completion of this Offering. Dilution has been computed on the basis of total gross proceeds to be raised by this prospectus and from sales of securities prior to filing this prospectus, without deduction of commissions or related expenses incurred by the Corporation.

## **16. RISK FACTORS**

A purchase of Common Shares of the Corporation will be highly speculative and the purchaser's investment and the Corporation are subject to substantial risks, including the following, which list is not exhaustive:

- (a) the Corporation was only recently incorporated, has not commenced commercial operations and has no assets other than cash. It has no history of earnings, and shall not generate earnings or pay dividends until at least after Completion of the Qualifying Transaction. See "Proposed Operations until Completion of a Qualifying Transaction";
- (b) investment in the Common Shares offered by the prospectus is highly speculative given the proposed nature of the Corporation's business and its present stage of development;
- (c) the Directors and officers of the Corporation will only devote a portion of their time to the business and affairs of the Corporation and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time. See "Conflicts of Interest";
- (d) assuming completion of the Offering, an investor will suffer an immediate dilution to its investment of 28.7% or \$0.0287 per Common Share;
- (e) there can be no assurance that an active and liquid market for the Corporation's Common Shares will develop and an investor may find it difficult to resell its Common Shares;
- (f) until Completion of a Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions. See "Proposed Operations until Completion of a Qualifying Transaction";
- (g) the Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction;
- (h) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction;
- (i) Completion of a Qualifying Transaction is subject to a number of conditions including acceptance by the Exchange and in the case of a Non Arm's Length Qualifying

Transaction, Majority of the Minority Approval. See “Filings and Shareholder Approval of a Non Arm’s Length Qualifying Transaction”;

- (j) unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Non Arm’s Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Corporation of fair value for the Common Shares;
- (k) upon public announcement of a proposed Qualifying Transaction, trading in the Common Shares of the Corporation will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The Common Shares of the Corporation will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing the proposed Qualifying Transaction. See “Trading Halts, Suspension and Delisting”;
- (l) trading in the Common Shares of the Corporation may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required. See “Trading Halts, Suspension and Delisting”;
- (m) the Exchange will generally suspend trading in the Corporation’s Common Shares or delist the Corporation in the event that the Exchange has not issued a Final Exchange Bulletin within 24 months from the date of listing. See “Trading Halts, Suspension and Delisting”;
- (n) neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction;
- (o) in the event that management of the Corporation resides outside of Canada or the Corporation identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such Persons, judgments obtained in Canadian courts;
- (p) the Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Corporation. See “Method of Financing”; and
- (q) subject to prior Exchange acceptance, the Corporation may be permitted to loan or advance up to an aggregate of \$250,000 of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Corporation will be able to recover that loan. See “Permitted Use of Funds”.

As a result of these factors, this Offering is only suitable to investors who are willing to rely solely on management of the Corporation and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the Common Shares.

## **17. LEGAL PROCEEDINGS**

The Corporation is not currently a party to any actual or pending material legal proceedings to which the Corporation is or is likely to be a party or of which any of its assets are or are likely to be subject.

Management of the Corporation is currently not aware of any legal proceedings contemplated against the Corporation.

## **18. RELATIONSHIP BETWEEN CORPORATION AND AGENT**

Neither the Corporation nor any of its Directors or officers is a “connected issuer” or a “related issuer” as those terms are defined in National Instrument 33-105, of the Agent.

## **19. RELATIONSHIP BETWEEN THE CORPORATION AND PROFESSIONAL PERSONS**

There is no beneficial interest, direct or indirect, in any securities or properties of the Corporation or of an associate or affiliate of the Corporation, held by a professional person as referred to in the CPC Policy, a responsible solicitor or any partner of a responsible solicitor’s firm nor is any such person currently or expected to be elected, appointed or employed as a Director, senior officer or employee of the Corporation or of an associate or affiliate of the Corporation, or a promoter of the Corporation or of an associate or affiliate of the Corporation.

## **20. INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

The Directors and officers have acquired a total of 2,700,000 Common Shares of the Corporation and a total of 350,000 Common Shares have been reserved for stock options to be granted to Directors and officers of the Corporation. See “Options to Purchase Securities”.

## **21. AUDITORS, TRANSFER AGENTS AND REGISTRARS**

### **21.1 Auditors**

The auditors of the Corporation are MacKay LLP, Chartered Accountants, 1100 - 1177 West Hastings Street, Vancouver, BC, Canada V6E 4T5.

### **21.2 Transfer Agent and Registrar**

The transfer agent and registrar of the Corporation is Pacific Corporate Trust Company, 2nd Floor, 510 Burrard Street, Vancouver, BC, Canada V6C 3B9.

## **22. MATERIAL CONTRACTS**

The Corporation has not entered into, or will not enter into, any contracts material to investors in the Common Shares since incorporation, other than contracts in the ordinary course of business, except

- (a) Agency Agreement dated April 18, 2007 between the Corporation and the Agent. See “Plan of Distribution”.
- (b) Escrow Agreement dated March 27, 2007 between the Corporation, the Escrow Agent and the Principal Shareholders. See “Escrowed Securities”.
- (c) Stock Option Plan dated April 2, 2007. See “Options to Purchase Securities”.

Copies of these agreements will be available for inspection at the Registered Office of the Corporation located at 2110 28th Street, West Vancouver, British Columbia, Canada V7V 4M3, during ordinary business hours while the Common Shares offered by this prospectus are in the course of distribution and for a period of 30 days thereafter.

**23. OTHER MATERIAL FACTS**

There are no other material facts relating to the securities to be offered and not disclosed elsewhere in this prospectus.

**24. PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in the Provinces of British Columbia and Alberta provide purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation of the said Provinces further provides a purchaser with remedies for rescission and damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's Province. The purchaser should refer to any applicable provisions of the securities legislation of the Purchaser's Province for the particulars of these rights or consult with a legal adviser.

**25. FINANCIAL STATEMENTS**

Financial Statements of the Corporation, audited as of February 28, 2007 are attached.

# Jiulian Resources Inc.

**Expressed in Canadian Dollars**

**Period from Incorporation on October 17, 2006 to February 28, 2007**

## **Contents**

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### **Financial Statements**

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## **Auditors' Report**

### **To the Directors of Jiulian Resources Inc.**

We have audited the balance sheet of Jiulian Resources Inc. as at February 28, 2007 and the statements of operations and deficit, and cash flows for the period from incorporation October 17, 2006 to February 28, 2007. 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 audit.

We conducted our audit 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, 2007, and the results of its operations and its cash flows for the period from incorporation October 17, 2006 to February 28, 2007 in accordance with Canadian generally accepted accounting principles.

**Vancouver, Canada**

**March 27, 2007 except for  
Note 7 dated xx, 2006**

**Chartered Accountants**

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**Jiulian Resources Inc.****Balance Sheet****As at February 28, 2007**

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	<b>February 28, 2007</b>
<b>ASSETS</b>	
<b>Current</b>	
Cash	\$ 40,997
Term deposit (Note 3)	100,249
Goods and services tax recoverable	48
	<hr/>
	<b>\$ 141,294</b>

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**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current</b>	
Accounts payable and accrued liabilities	\$ 10,000
Due to related party (Note 6)	10,078
	<hr/>
	<b>20,078</b>
<b>Shareholders' Equity</b>	
Share capital (Note 4)	135,000
Deficit	( 13,784)
	<hr/>
	<b>121,216</b>
	<hr/>
	<b>\$ 141,294</b>

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- Continuance of operations (Note 1)
- Subsequent event (Note 7)

**On behalf of the Board:***"Charlie Cheng"***Director***"James Zhang"***Director**

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See accompanying notes to the financial statements

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**Jiulian Resources Inc.**  
**Statement of Operations and Deficit**

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**Period from Incorporation  
on October 17, 2006 to  
February 28, 2007**

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**ADMINISTRATION EXPENSES**

Accounting and audit	\$ 7,500
Bank charges	47
Filing and transfer agent fees	1,284
Legal	2,500
Office, administration	125
Travel and related expenses	2,970
	<hr/>
Loss before other item	<b>14,426</b>
 <b>OTHER ITEM</b>	
Interest income	(642)
	<hr/>
Loss being deficit for the period	<b>\$ (13,784)</b>
	<hr/> <hr/>
Basic and diluted loss per common share	<b>\$ -</b>
	<hr/> <hr/>
Weighted average number of common shares outstanding	<b>-</b>
	<hr/> <hr/>

Loss per share has not been presented since the outstanding shares at February 28, 2007 are escrow shares that are contingently returnable and are excluded from the loss per share calculation.

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See accompanying notes to the financial statements



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**Jiulian Resources Inc.****Statement of Cash Flows**

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**Period from Incorporation  
on October 17, 2006 to  
February 28, 2007**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Loss for the period	\$ (13,784)
Changes in non-cash working capital items	
Accrued interest on term deposit	(249)
Goods and services tax recoverable	(48)
Accounts payable and accrued liabilities	10,000
Total change in non-cash working capital	<u>(4,081)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Advance from related party	10,078
Proceeds from issuance of shares	135,000
	<u>145,078</u>

**CASH FLOWS FROM INVESTING ACTIVITY**

Acquisition of term deposit	<u>(100,000)</u>
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<b>Change in cash being cash end of period</b>	<b>\$ <u><u>40,997</u></u></b>
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See accompanying notes to the financial statements

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# **Jiulian Resources Inc.**

## **Notes to Financial Statements**

**February 28, 2007**

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### **Note 1 NATURE AND CONTINUANCE OF OPERATIONS**

The Company was incorporated on October 17, 2006 under the laws of British Columbia. It is a capital pool corporation as defined in the TSX Venture Exchange Policy 2.4, and accordingly, its principal purpose is to use its capital to investigate and find a business to acquire.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company is required to complete 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 shareholder and regulatory approval.

### **Note 2 SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles ("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.

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## **Jiulian Resources Inc.**

### **Notes to Financial Statements**

**February 28, 2007**

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#### Note 2 **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

c) **Loss per Share**

Loss per share computation is based on the weighted average number of common shares outstanding during the period. The shares outstanding at February 28, 2007 have been excluded from the weighted average number of shares because they are contingently returnable.

d) **Term Deposit**

Term deposit is valued at the lower of cost and market.

e) **Financial instruments**

The Company's financial instruments consist of cash, term deposit, accounts payable and accrued liabilities, and amount due to related party. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from its financial instruments, since all cash and the term deposit are placed with a major Canadian financial institution and their fair values approximate their carrying values except where separately disclosed.

f) **Stock Based Compensation**

The fair value of stock options granted is determined using the Black-Scholes options pricing method and is expensed over the period of vesting. Any consideration paid on the exercise of stock option is credited to capital stock.

#### Note 3 **TERM DEPOSIT**

Guaranteed investment certificate at cost plus accrued interest at prime rate minus 2.45% per annum, matures on February 1, 2008.

#### Note 4 **SHARE CAPITAL**

a) **Authorized:**

Unlimited number of common shares without par value

b) **Escrow Shares:**

During the period ended February 28, 2007, the Company issued 2,700,000 common shares at a price of \$0.05 per share totaling \$135,000 cash. These shares were subscribed for by the Company's directors and allotted from treasury, to be held in escrow.

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**Jiulian Resources Inc.**  
**Notes to Financial Statements**  
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Note 4 **SHARE CAPITAL (CONT'D)**

The shares will be released from escrow at the rate of 10% upon issuance of notice of final acceptance of a Qualifying Transaction by the TSX Venture Exchange and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities.

Note 5 **INCOME TAXES**

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

	<u>2007</u>
Net loss for the period	\$ (13,784)
Combined federal and provincial tax rate	<u>35.79%</u>
Income tax recovery at statutory rates	(4,933)
Unrecognized items for tax purposes	173
Effects of tax rate change	265
Incorporation costs incurred	(130)
Valuation allowance	<u>4,625</u>
Future income tax expense (recovery)	<u><u>\$ -</u></u>

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

	<u>2007</u>
Non-capital loss carry forwards	\$ 4,502
Cumulative eligible capital	<u>123</u>
	4,625
Valuation allowance	<u>(4,625)</u>
	<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 \$13,300 expire in 2027.

Tax benefits have not been recorded due to uncertainty regarding their utilization.

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**Jiulian Resources Inc.****Notes to Financial Statements****February 28, 2007**

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**Note 6 RELATED PARTY TRANSACTION**

During the period, 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.

**Note 7 SUBSEQUENT EVENTS**

- a) The Company is in the process of filing a prospectus with the British Columbia/Alberta Securities Commission constituting an offering to the public of a minimum 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 will receive a commission of 10% of the gross proceeds. The Company will also grant 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.
- b) Upon completion of the offering, the directors will effect a grant of stock options to the directors and officers of the Company to purchase up to a total of 350,000 Common Shares at an exercise price of \$0.10 per common share exercisable for a period of 5 years from the Closing Date (as defined).

**CERTIFICATE OF THE CORPORATION**

**DATE:** April 19, 2007

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia) and the regulations thereunder and by Part 9 of the *Securities Act* (Alberta) and the regulations thereunder.

**ON BEHALF OF THE BOARD OF DIRECTORS**

"Xiaolin Cheng"

Xiaolin (Charlie) Cheng  
Chief Executive Officer and Director

"Jian Hong Zhang"

Jian Hong (James) Zhang  
Chief Financial Officer and Director

"Yingbin Ian He"

Yingbin (Y.B.) Ian He  
Director

"Nanmao Su"

Nanmao Su  
Director

## CERTIFICATE OF THE PROMOTER

**DATE:** April 19, 2007

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia) and the regulations thereunder and by Part 9 of the *Securities Act* (Alberta) and the regulations thereunder.

"Xiaolin Cheng"

Xiaolin (Charlie) Cheng  
Chief Executive Officer and Promoter

## CERTIFICATE OF THE AGENT

**DATE:** April 19, 2007

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia) and the regulations thereunder and by Part 9 of the *Securities Act* (Alberta) and the regulations thereunder.

**LEEDE FINANCIAL MARKETS INC.**

*"Richard H. Carter"*

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Richard H. Carter

Senior Vice President, Secretary and General Counsel