

Jiulian Resources Inc.

Interim Financial Statements **Expressed in Canadian Dollars**

For the Three and Six Month Periods Ended August 31, 2010 and 2009
(Unaudited – Prepared by Management)

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Jiulian Resources Inc.

Notice Pursuant to Part 4.3 (3) of the National Instrument 51-102 Continuous Disclosure Obligations

The quarterly report of Jiulian Resource Corp. filed for the Three and Six months ended August 31, 2010 has been prepared by management without review by our auditors. These unaudited financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles for interim financial information. Accordingly, they do not include all of the information and notes to the financial statements required by Generally Accepted Accounting Principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included.

Julian Resources Inc.			
Interim Balance sheets			
(Unaudited - Prepared by Management - Expressed in Canadian Dollars)			
		August 31, 2010	February 28, 2010
		(Unaudited)	(Audited)
Assets			
Cash	\$	48,273	\$ 55,334
Term deposit (Note 3)		1,298,909	1,532,285
Prepaid expenses and deposits		6,650	2,905
GST/HST recoverable		11,683	8,272
		1,365,515	1,598,796
Equipment (Note 4)		19,549	21,912
Mineral Properties (Note 6)		221,694	79,368
	\$	1,606,758	\$ 1,700,076
Liabilities			
Accounts payable and accrued liabilities	\$	-	\$ 11,875
Shareholders' equity (Note 8)			
Share capital		1,995,950	1,984,950
Contributed surplus		35,500	35,500
Accumulated deficit		(424,692)	(332,249)
		1,606,758	1,688,201
	\$	1,606,758	\$ 1,700,076
Continuance of operations (Note 1)			
Commitment (Note 9)			
Approved on behalf of the Board			
"Charlie Cheng"		"James Zhang"	
Director		Director	
<i>The accompanying notes are an integral part of these interim financial statements.</i>			

Julian Resources Inc.				
Interim Statements of Operations' Comprehensive Loss and Deficit				
For the Three and Six Months Ended August 31, 2010 and 2009				
(Prepared by Management - Expressed in Canadian Dollars)				
	Three months ended		Six months ended	
	August 31, 2010	August 31, 2009	August 31, 2010	August 31, 2009
Exquipenses				
Acquisition related expenses	\$ 15,277	\$ -	\$ 25,794	\$ -
Accounting and audit	730	3,270	730	3,270
Amortization	1,682	649	3,346	760
Bank charges	45	45	90	302
Consulting fees	7,500	500	15,102	9,500
Filing and transfer agent fees	5,490	5,629	10,807	10,084
Legal	5,001	9,844	6,173	15,922
Office, administration	5,528	5,709	11,115	11,808
Salaries and benefits	13,223	9,620	26,445	19,240
Travel	-	-	1,003	329
Loss before other items:	54,476	35,266	100,605	71,215
Other Items				
Interest income	4,423	10,162	7,665	20,365
Foreign exchange gain (loss)	820	123	497	(6,364)
	5,243	10,285	8,162	14,001
Net loss and comprehensive loss	(49,233)	(24,981)	(92,443)	(57,214)
Deficit, beginning of period	(375,459)	(243,946)	(332,249)	(211,713)
Deficit, end of period	\$ (424,692)	\$ (268,927)	\$ (424,692)	\$ (268,927)
Loss per share - basic and diluted	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares				
outstanding - basic and diluted	9,379,427	9,454,055	9,379,427	9,454,055
<i>ccompanying notes are an integral part of these interim financial staten</i>				

Julian Resources Inc.					
Interim Statements of Cash Flow					
For the Three and Six Months Ended August 31, 2010 and 2009					
(Prepared by Management - Expressed in Canadian Dollars)					
	Three months ended		Six months ended		
	August 31, 2010	August 31, 2009	August 31, 2010	August 31, 2009	
Cash provided by (used in)					
Operating activities					
Net loss for the period	\$ (49,233)	\$ (24,981)	\$ (92,443)	\$ (57,214)	
Item not affecting cash:					
Amortization	1682	649	3346	678	
Change in non-cash working capital					
Accrued interest on term deposit	(199)	(10,163)	420	(20,366)	
GST/HST recoverable	(3,729)	(3,314)	(3,411)	(3,981)	
Prepaid expenses and deposits	-	3,000	(3,745)	-	
Accounts payable and accrued liabilities	(2,750)	(6,256)	(11,875)	(6,367)	
	(54,229)	(41,065)	(107,708)	(87,250)	
Investing activity					
Acquisition (redemption) of term deposit	66,198	71,189	232,956	101,507	
Purchase of fixed assets	(983)	(25,142)	(983)	(25,061)	
Mineral property	(16,969)	(71,389)	(142,326)	(81,389)	
	48,246	(25,342)	89,647	(4,943)	
Financing activities					
Proceeds from issuance of shares	11,000	63,000	11,000	63,000	
	11,000	63,000	11,000	63,000	
CHANGE IN CASH	5,017	(3,407)	(7,061)	(29,193)	
CASH, beginning of the period	43,256	56,482	55,334	82,268	
CASH, end of the period	\$ 48,273	\$ 53,075	\$ 48,273	\$ 53,075	
Supplementary information					
Interest paid	\$ -	\$ -	\$ -	\$ -	
Income taxes paid	\$ -	\$ -	\$ -	\$ -	
<i>The accompanying notes are an integral part of these interim financial statements.</i>					

Jiulian Resources Inc.
Notes to the Interim Financial Statements
For the three months ended August 31, 2010

Note 1 NATURE AND CONTINUANCE OF OPERATIONS

Jiulian Resources Inc. (the “Company”) was incorporated on October 17, 2006 under the laws of British Columbia. The Company was a capital pool Company as defined in the TSX Venture Exchange (the “Exchange”) Policy 2.4. On July 28, 2009, the Exchange accepted for filing the Company’s Qualifying Transaction, as a result, the Company resumed trading as a Tier 2 mining company under the symbol “JLR”, on August 26, 2009. The Company is now pursuing opportunities in the acquisition, exploration and development of mineral resource properties.

The accompanying unaudited interim financial statements are prepared in accordance with Canadian Generally Accepted Accounting principles (“Canadian GAAP”). They do not include all of the information and disclosures required by Canadian GAAP for annual financial statements. The preparation of these interim financial statements is based on accounting principles and practices consistent with those used in the preparation of the annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Operating results for the period ended August 31, 2010 are not necessarily indicative of the results that may be expected for the full year ended February 28, 2011. For further information, see the financial statements including the notes thereto for the year ended February 28, 2010.

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for mineral property and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the reserve, the achievement of profitable production, or alternatively upon the Company’s ability of dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. In addition, although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such property, these procedures do not guarantee the Company’s title. property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

The Company’s exploration activities are subject to various federal, provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Jiulian Resources Inc.
Notes to the Interim Financial Statements
For the three months ended August 31, 2010

Note 2 SIGNIFICANT ACCOUNTING POLICIES

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

The interim financial statements have been prepared following the same accounting policies and methods of computation as the financial statements for the fiscal year ended February 28, 2010, except as stated below. These interim financial statements do not contain all disclosures required under general accepted accounting principles for annual financial statements and should therefore be read in conjunction with the financial statements and the notes for the year ended February 28, 2010.

Newly Adopted Accounting Policy

EIC – 174 mining exploration costs

On March 27, 2009, the CICA issued EIC 174. In this EIC, the Committee reached a consensus that an enterprise that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The EIC is effective for periods ending after the issuance date and the Company has adopted the EIC – 174. The adoption of this section does not have a significant impact on the financial statements.

Amendment to financial instruments-disclosures

CICA Handbook Section 3862, Financial Instruments-Disclosures was amended to require disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 - Inputs that are not based on observable market data.

Jiulian Resources Inc.
Notes to the Interim Financial Statements
For the three months ended August 31, 2010

Note 2 **SIGNIFICANT ACCOUNTING POLICIES** (cont'd...)

Future accounting pronouncements

Convergence with international financial reporting standards (“IFRS”)

In February 2008, the Canadian Accounting Standards Board announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own generally accepted accounting principles. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of the Company will be February 1, 2011 and will require the restatement for comparative purposes of amounts reported by the Company for the year ended January 31, 2011.

Business combinations – section 1582

In January 2009, the CICA issued Section 1582, Business Combinations, which will provide the Canadian equivalent to International Financial Reporting Standard IFRS 3, Business Combinations, and replace the existing Section 1581, Business Combinations. The new standard will apply prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also early adopt Section 1601, Consolidated Financial Statements and Section 1602, Non-controlling Interests. Management does not expect that the adoption of this new standard will have significant impact on the Company’s financial statements.

Non-controlling interests – section 1602

In January 2009, the CICA issued Section 1602, Non-Controlling Interests, which establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS International Accounting Standard (“IAS”) 27, Consolidated and Separate Financial Statements. The new standard is effective for interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also early adopt Section 1582, Business Combinations, and Section 1601, Consolidated Financial Statements. Management does not expect that the adoption of this new standard will have significant impact on the Company’s financial statements.

Jiulian Resources Inc.
Notes to the Interim Financial Statements
For the three months ended August 31, 2010

Note 3 **TERM DEPOSIT**

The term investment (redeemable) is a Guaranteed Investment Certificate at a chartered Canadian bank and interest is accrued at a fixed rate of 0.90% per annum, maturing Nov 20, 2010.

Note 4 **EQUIPMENT**

August 31, 2010			
Description	Cost	Accumulated Amortization	Net Book Value
Automotive	\$25,143	\$6,978	\$18,165
Computer equipment	3,144	1,760	1,384
Total:	\$28,287	\$8,738	\$19,549
February 28, 2010			
Description	Cost	Accumulated Amortization	Net Book Value
Automotive	\$25,143	\$3,771	\$21,372
Computer equipment	2,161	1,620	540
Total:	\$27,303	\$4,950	\$21,912

Note 5 **CAPITALMANAGEMENT**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management considers the Company's capital structure to primarily consist of the components of shareholder's equity.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Jiulian Resources Inc.
Notes to the Interim Financial Statements
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Note 5 **CAPITALMANAGEMENT** (cont'd...)

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended August 31, 2010. Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

Note 6 **MINERAL PROPERTY**

Pursuant to an option agreement with Happy Creek Minerals Ltd., the Company has an option agreement to acquire up to a 65% interest, in the Hawk Project located in the south-central Cariboo region of British Columbia, subject to an existing 2.5% NSR on the Hawk Property and an existing 2% NSR on the Grey Option.

Consideration for an initial 55% interest consists of cash payments of \$150,000, issuing an aggregate of 700,000 shares to Happy Creek and incurring aggregate exploration expenditures on the Hawk Project of \$700,000 over a period of three years.

The Company has the exclusive option right to acquire an additional 10% interest in the Hawk Project by incurring additional exploration expenditures of \$500,000 on the project on or before August 25, 2013.

Pursuant to the option agreement, the Company paid cash 15,000 and issued 100,000 common shares to Happy Creek on August 25, 2009. The securities are subject to a hold period expiring December 26, 2009.

As of August 31, 2010, the Company has spent \$221,694 Exploration Expenditures in the Hawk project.

Jiulian Resources Inc.
Notes to the Interim Financial Statements
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Note 6 **MINERAL PROPERTY** (cont'd...)

Accumulated mineral property costs have been incurred as follows:

Hawk Property, British Columbia	Opening Balance	Three months ended August 31, 2010	Total
Acquisition Costs	\$ 35,000	\$ 31,000	\$ 66,000
Exploration Costs			
Assays	2,806	\$ 2,834	5,640
Consulting	36,328	\$ 11,270	47,598
Licenses, tax and insurance	546	\$ 1,948	2,494
Surveying, mapping	-	\$ 89,796	89,796
Travel and accommodation	2,740	\$ 3,059	5,799
Field supplies and miscellaneous	1,948	\$ 2,418	4,366
Balance, end of the period	\$ 79,368	\$ 142,325	\$ 221,693

Note 7 **RELATED PARTY TRANSACTION**

During the period, the Company paid consulting fees to officers, directors or companies controlled by individual related to directors and officers of the Company in the amount of \$20,500 in total. Total year to date amount is \$45,400.

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

Note 8 **SHARE CAPITAL**

a) **Authorized:**

An unlimited number of common voting shares without par value.

Jiulian Resources Inc.
Notes to the Interim Financial Statements
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Note 8 **SHARE CAPITAL** (Cont'd...)

b) Common Shares Issued:

	2011		2010	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of year	9,620,000	\$ 1,984,950	9,320,000	\$ 1,944,950
Issued for cash:				
Agents options exercised	-	-	200,000	30,000
Issued for mineral property	100,000	11,000	100,000	10,000
Share issuance costs	-	-	-	-
Balance, end of year	9,720,000	\$ 1,995,950	9,620,000	\$ 1,984,950

Share issuances:

On June 18, 2009, an agent options were exercised, 200,000 common shares were issued at \$0.10 per share.

On August 25, 2009, pursuant to an option agreement, the Company issued 100,000 common shares to the Vendor at a value of \$10,000. The shares were valued using the bid price on this date of \$0.10 per share, as per the policies of the Exchange.

on August 25, 2010, pursuant to the option agreement, the Company issued 100,000 common shares to the Vendor at a value of \$10,000. The shares were valued using the bid price on this date of \$0.11 per share, as per the policies of the Exchange.

c) Escrow Shares:

As of August 31, 2010, the Company had 1,620,000 (February 28, 2010 – 2,430,000) common shares in escrow.

The shares will be released from escrow upon issuance of a notice of final acceptance of a Qualifying Transaction by the Exchange. Such releases will be over a period of 3 years . While escrowed, the escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the Exchange.

Jiulian Resources Inc.
Notes to the Interim Financial Statements
For the three months ended August 31, 2010

Note 8 **SHARE CAPITAL** (Cont'd...)

d) **Stock Options**

As at May 31, 2010, the following options were issues and outstanding:		
Number of Options	Exercise Price	Expiry Date
350,000	\$0.10	19-Jun-12
40,000	\$0.36	15-Jul-12
530,000	\$0.15	21-Apr-13
920,000		

e) **Contributed Surplus**

	2011	2010
Beginning of year	\$ 45,500	\$ 45,500
Stock based compensation	-	-
Allocation to share capital	-	(10,000)
End of year	\$ 35,500	\$ 35,500

Note 9 **COMMITMENT**

Pursuant to an option agreement with Happy Creek Minerals Ltd., the Company has the following commitment:

Hawk Property, British Columbia	Cash Payments	Share Issuances	Exploration Expenditures
Upon conditional acceptance by the Exchange of the transaction (paid)	\$ 10,000	-	\$ -
Upon receipt of final acceptance of the transaction by the Exchange (paid, and issued)	15,000	100,000	-
on or before March 31, 2010 (paid)	20,000	-	-
on or before August 25, 2010	-	100,000	200,000
on or before March 31, 2011	45,000	-	-
on or before August 25, 2011	-	200,000	200,000
on or before March 31, 2012	60,000	-	-
on or before August 25, 2012	-	300,000	300,000
	\$ 150,000	700,000	\$ 700,000