



Unaudited Condensed Interim Financial Statements of

JIULIAN RESOURCES INC.

(An Exploration Stage Company)

For the Three Months Ended May 31, 2020 and 2019



JULIAN RESOURCES INC.
(An Exploration Stage Company)
(Expressed in Canadian Dollars)
May 31, 2020 and 2019

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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a) the accompanying unaudited condensed interim financial statements of the Company for the three months ended May 31, 2020 have been prepared by and are the responsibility of management in accordance with International Financial Reporting Standards applicable to unaudited condensed interim financial reporting.

The Company's independent auditor has not audited or performed a review of these condensed interim financial statements, in accordance with standards established by Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

For further information please contact:

Douglas Meirelles, CEO or

Terese Gieselman, CFO

(250) 762-5777

JIULIAN RESOURCES INC.*(An Exploration Stage Company)*

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (un-audited)

As at May 31, 2020 and February 29, 2020

(Expressed in Canadian Dollars)

	Note	May 31 2020	February 29 2020
ASSETS			
Current			
Cash		\$ 96,335	\$ 38,737
Prepays		12,704	10,954
Taxes recoverable		1,653	68,391
Total current assets		110,692	118,082
Non current			
Equipment	5	1,840	2,049
Reclamation bond	7	7,500	7,500
Exploration and evaluation assets	6	1,315,020	1,314,670
Total Assets		\$ 1,435,052	\$ 1,442,301
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Trade and other payables	8,12,15	163,737	162,836
Shareholders' Equity			
Obligation to issue shares		5,000	-
Share Capital	9	3,308,925	3,309,675
Contributed surplus	9,10	350,758	350,758
Deficit		(2,393,367)	(2,380,968)
Total Shareholders' Equity		1,271,316	1,279,465
Total Liabilities and Shareholders' Equity		\$ 1,435,052	\$ 1,442,301

Signed on behalf of the Board of Directors by:

"Charlie Cheng" Director
 Charlie Cheng

"Oliver Friesen" Director
 Oliver Friesen

JIULIAN RESOURCES INC.

(An Exploration Stage Company)

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS (un-audited)

For the three months ended May 31

(Expressed in Canadian Dollars)

	Note		2020		2019
Expenses					
Administrative and general	11,12	\$	11,597	\$	33,648
Depreciation	5		209		360
Pre-exploration expenditures			593		-
Total expenses			(12,399)		(34,008)
Other income and expenses					
Interest income			-		8,040
Net loss and comprehensive loss for the period			(12,399)		(25,968)
Loss per share for the period - basic and diluted	13	\$	(0.00)	\$	(0.00)

JIULIAN RESOURCES INC.*(An Exploration Stage Company)***CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (un-audited)**

For the three months ended May 31

Expressed in Canadian Dollars

	Note	Share Capital	Contributed Surplus	Deficit	Total
Balance February 28, 2019		\$ 3,309,957	\$ 350,758	\$ (2,297,781)	\$ 1,362,933
Net loss for the period		-	-	(25,968)	(25,968)
Share issue costs		(282)	-	-	(282)
Balance May 31, 2019		\$ 3,309,675	\$ 350,758	\$ (2,323,749)	\$ 1,336,684

	Note	Share Capital	Obligation to Issue Shares	Contributed Surplus	Deficit	Total
Balance February 29, 2020		\$ 3,309,675	\$ -	\$ 350,758	\$ (2,380,968)	\$ 1,279,465
Net loss for the period		-	-	-	(12,399)	(12,399)
Subscriptions received	9	-	5,000	-	-	5,000
Share issue costs		(750)	-	-	-	(750)
Balance May 31, 2020		\$ 3,308,925	\$ 5,000	\$ 350,758	\$ (2,393,367)	\$ 1,271,316

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

JIULIAN RESOURCES INC.*(An Exploration Stage Company)***CONDENSED INTERIM STATEMENTS OF CASH FLOWS (un-audited)**

For the three months ended May 31

(Expressed in Canadian Dollars)

	Note	2020	2019
OPERATING ACTIVITIES			
Loss for the period		\$ (12,399)	\$ (25,968)
Items not affecting cash			
Depreciation	5	209	360
Changes in non-cash working capital			
Taxes recoverable		66,738	(42,652)
Prepaid expenses and advances		(1,750)	29,847
Trade and other payables	15	901	(496,916)
Cash used in operating activities		53,698	(535,330)
INVESTING ACTIVITIES			
Exploration and evaluation asset expenditures	6	(350)	(606,944)
Cash used in investing activities		(350)	(606,944)
FINANCING ACTIVITIES			
Subscriptions	9	5,000	-
Share issue costs		(750)	(282)
Net cash provided by (used in) financing activities		4,250	(282)
Increase (decrease) in cash during the period		57,598	(1,142,556)
Cash and cash equivalents beginning of period		38,737	1,247,504
Cash and cash equivalents end of period		\$ 96,335	\$ 104,949
Composition of cash and cash equivalents			
Cash		\$ 96,335	\$ 4,949
Cash equivalents		-	100,000
Cash and cash equivalents, end of the period		\$ 96,335	\$ 104,949

Supplemental cash flow information – Note 15

JULIAN RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (un-audited)

FOR THE THREE MONTHS ENDED MAY 31, 2020 AND 2019

(Expressed in Canadian Dollars)

1. CORPORATION INFORMATION

Julian Resources Inc. (the "Company") was incorporated on October 17, 2006 under the laws of British Columbia, Canada. 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. On February 12, 2016, the Company was transferred to NEX of the Exchange due to not being able to meet Tier 2 Continued Listing Requirements. The trading symbol of the Company was changed to "JLR.H".

The Exchange granted final approval on the reactivation of Julian from the NEX Board of the Exchange to Tier 2 of the Exchange effective Tuesday October 9, 2018. The Company commenced trading on the Exchange Tier 2 under symbol "JLR" on the effective date.

The Company's corporate office and principal place of business is located at 335 – 1632 Dickson Avenue, Kelowna, BC V1Y 7T2.

The Company is primarily engaged in the acquisition, exploration and development of mineral properties located in Canada. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The Company's current properties include mineral properties located in British Columbia.

2. BASIS OF PREPARATION AND GOING CONCERN

These condensed interim financial statements for the three-month period ended May 31, 2020 and 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting. These condensed interim financial statements follow the same accounting policies and methods of application of the Company's most recent annual financial statements. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company's 2020 annual financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and Interpretations of the International Financial Reporting Interpretations Committee.

The condensed interim financial statements were authorized for issue by the Board of Directors on July 24, 2020.

These condensed interim financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value. The condensed interim financial statements are presented in Canadian dollars ("CDN"), which is the Company's functional currency. The preparation of condensed interim financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these condensed interim financial statements are disclosed in Note 4.

Going Concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has not generated revenues from its operations to date. These financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company had a net loss of \$12,399 (2019 – \$25,968), a working capital deficiency of \$53,044 (February 29, 2020 - \$44,754) and has accumulated a deficit of \$2,393,367 (February 29, 2020 – \$2,380,968) since inception. The Company will continue to have to raise funds to resolve its current working capital deficit in order to continue the development of its exploration properties and general operations.

As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company has financed its operations to date primarily through the issuance of common shares and exercise of stock options and share purchase warrants.

JULIAN RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (un-audited)

FOR THE THREE MONTHS ENDED MAY 31, 2020 AND 2019

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION AND GOING CONCERN (cont'd)

Management cannot provide assurance that the Company will ultimately achieve profitable operations or positive cash flow. The Company's continuation as a going concern is dependent on its ability to attain profitable operations and raise additional capital. These matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses and statement of financial position classifications that would be necessary if the going concern assumption was inappropriate. Such adjustments could be material.

Since February 29, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Recent and Future Accounting Pronouncements**

The Company has adopted the following new and revised accounting pronouncements as follows:

New Standard IFRS 16 "Leases"

On March 1, 2019, the Company adopted the new standard IFRS 16 which replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing single, on-balance sheet accounting model that is similar to current finance lease accounting, with the limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed.

The adoption of this accounting standard had no impact on the Company's financial statements as the Company does not have any leases.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**Significant Accounting Judgements, Estimates and Assumptions**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized in the period of the change, if the change affects that period only, or in the period of the change and future years, if the change affects both.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities included in the preparation of these financial statements are discussed below:

Going Concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgement based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

JULIAN RESOURCES INC.*(An Exploration Stage Company)*

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (un-audited)

FOR THE THREE MONTHS ENDED MAY 31, 2020 AND 2019

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)*Impairment of Exploration and Evaluation Assets*

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company. If, after exploration and evaluation expenditures are capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount the Company carries out an impairment test at the cash-generating unit or group of cash-generating unit's level in the year the new information becomes available. Such impairment tests and recoverable value models have a degree of estimation and judgment which may differ in the future.

Valuation of Share-based Payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Mining exploration tax credits

The Company is entitled to refundable tax credits on qualified resource expenditures incurred in Canada. Management's judgment is applied in determining whether the resource expenditures are eligible for claiming such credits and determining an appropriate accrual.

5. EQUIPMENT

	Field Equipment	Furniture & Fixtures	Total
Cost			
Balance at February 29, 2020 and May 31, 2020	\$ 25,143	\$ 7,643	\$ 32,786
Depreciation and impairment losses			
Balance at February 28, 2019	\$ 24,275	\$ 5,026	\$ 29,301
Depreciation for the period	259	1,177	1,436
Balance February 29, 2020	\$ 24,534	\$ 6,203	\$ 30,737
Depreciation for the period	46	163	209
Balance at May 31, 2020	\$ 24,580	\$ 6,366	\$ 30,946
Carrying amounts			
Carrying value at February 29, 2020	\$ 609	\$ 1,440	\$ 2,049
Carrying value at May 31, 2020	\$ 563	\$ 1,277	\$ 1,840

6. EXPLORATION AND EVALUATION ASSETS

	Bid Kidd
Balance at February 28, 2019	\$ 561,971
Exploration costs	762,699
Balance at February 29, 2020	\$ 1,324,670
Exploration costs	350
Balance at May 31, 2020	\$ 1,325,020

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (un-audited)

FOR THE THREE MONTHS ENDED MAY 31, 2020 AND 2019

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6. EXPLORATION AND EVALUATION ASSETS (cont'd)Big Kidd Property

The Company on March 30, 2011 pursuant to a purchase agreement (the "Agreement") acquired a 100% interest in the Big Kidd Property, located in British Columbia subject to net smelter royalty of 2.5% (the "Royalty"). Upon commencement of commercial production, the Company has the right to purchase a 60% interest in the Royalty for \$500,000 and the remaining 40% Royalty for \$1,000,000 at any time within three years following the commencement of commercial production.

Realization

The Company's investment in and expenditures on exploration and evaluation assets comprise a significant portion of the Company's assets. Realization of the Company's investment in the assets is dependent on establishing legal ownership of the property interest, on the attainment of successful commercial production or from the proceeds of its disposal. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the property interest, and upon future profitable production or proceeds from the disposition thereof.

a. Title

Although the Company has taken steps to ensure the title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures may not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

b. Environmental

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the exploration and evaluation assets, the potential for production on the property may be diminished or negated.

7. RECLAMATION BOND

The Company is required to make reclamation deposits in respect of its expected rehabilitation obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company on its Big Kidd property. The reclamation deposits are held with the Minister of Energy and Mines in British Columbia. The reclamation bond includes a guaranteed investment certificate with a maturity date of December 4, 2020 and an interest rate of prime less 2.7%.

8. TRADE AND OTHER PAYABLES

	May 31, 2020	February 29
	2020	2020
Trade payables	\$ 160,124	\$ 160,286
Due to related parties - Note 12	3,613	2,550
Total	\$ 163,737	\$ 162,836

9. SHARE CAPITAL AND RESERVES**a) Common Shares**

The Company's authorized share capital is an unlimited number of common shares with no par value.

JULIAN RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (un-audited)

FOR THE THREE MONTHS ENDED MAY 31, 2020 AND 2019

(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES (cont'd)**a) Common Shares (cont'd)**

The following is a summary of changes in share capital from March 1, 2019 to May 31, 2020:

	Number	Issue Price	Total
Balance at February 28, 2019	31,286,667	-	3,309,957
Share issue costs		-	(282)
Balance at February 29, 2020	31,286,667		3,309,675
Share issue costs	-	-	(750)
Balance May 31, 2020	31,286,667	-	3,308,925

During the period ended May 31, 2020 and year ended February 29, 2020, and there were no share issuances.

The Company recorded \$750 in share issues costs in connection with the Offering as described in Note 16.

As at May 31, 2020 the Company had received \$5,000 in share subscriptions in connection with the Offering.

a) Share Purchase Warrants

The following is a summary of changes in share purchase warrants from March 1, 2019 to May 31, 2020:

	Number of Warrants	Exercise Price	Weighted Average Exercise Price
Balance at February 29, 2020 and May 31, 2020	15,166,667		\$0.10

As at May 31, 2020, 15,166,667 (February 29, 2020 – 15,166,667) share purchase warrants were outstanding and exercisable with a weighted average remaining contractual life of 1.04 (February 29, 2020 – 1.09) years.

Expiry Date	Exercise Price	Number of Warrants
June 15, 2021	\$0.10	15,166,667

10. SHARE-BASED PAYMENTS**Option Plan Details**

The Company adopted a stock option plan (the "Plan") to grant options to directors, senior officers, employees and consultants of the Company. The aggregate outstanding options are limited to 10% of the outstanding common shares. The option price under each option shall be not be less than the discounted market price as defined in the policies of the Exchange on the grant date. All options vest when granted unless otherwise specified by the Board of Directors.

	Number of Options	Exercise Price	Weighted Average Exercise Price
Balance, February 28, 2019	1,155,000	-	\$0.07
Expired	(110,000)	\$0.07	\$0.07
Balance, February 29, 2020	1,045,000	\$0.07	\$0.07
Expired	(75,000)	\$0.07	\$0.07
Balance, May 31, 2020	970,000	-	\$0.07

JULIAN RESOURCES INC.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (un-audited)

FOR THE THREE MONTHS ENDED MAY 31, 2020 AND 2019

(Expressed in Canadian Dollars)

10. SHARE-BASED PAYMENTS (cont'd)

As at May 31, 2020, 970,000 (February 29, 2020 – 1,045,000) options were outstanding and exercisable with a weighted average remaining contractual life of 3.35 (February 29, 2020 – 3.8) years.

Expiry Date	Exercise Price	Number of Options	Vested and Exercisable
December 17, 2023	\$0.07	970,000¹	1,045,000

¹See Note 16**Fair Value of Options Issued During the Period**

There were no options granted during the periods ended May 31, 2020 and 2019 (See Note 16).

11. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	Three Months Ended May 31	
		2020	2019
Administrative and General Expenses			
Accounting and legal		\$ -	\$ 465
Conferences		-	621
Consulting	12	4,208	15,938
Website, shareholder communication		-	1,515
Office and administration fees	12	1,705	4,585
Regulatory fees		3,663	5,950
Rent	12	1,500	2,250
Transfer agent fees		522	761
Travel		-	1,563
		\$ 11,597	\$ 33,648

12. RELATED PARTY TRANSACTIONS**a) Key Management Compensation**

	May 31 2020	May 31 2019
Key management personnel compensation comprised:		
Consulting fees:	\$4,208	\$15,938

- i) Consulting fees of \$Nil (2019 – \$9,000) were paid or accrued to Charlie Cheng, the Company's former President and CEO of the Company. Mr. Cheng resigned as President and CEO effective July 9, 2020.
- ii) Consulting fees of \$4,208 (2019 – \$1,913) were paid or accrued to Minco Corporate Management Inc. ("Minco") a company controlled by Terese Gieselman a director of the Company. Ms Gieselman was appointed CFO effective May 15, 2019.
- iii) Administration fees of \$Nil (2019 – \$5,025) were paid or accrued to Minco in relation to providing administrative and accounting employment services.

a) Related Party Liabilities

Amounts due to:	Service for:	May 31 2020	February 29 2020
Minco	Consulting Fees	\$ 3,613	\$ 2,550
Total related party payables		\$ 3,613	\$ 2,550

JULIAN RESOURCES INC.*(An Exploration Stage Company)*

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (un-audited)

FOR THE THREE MONTHS ENDED MAY 31, 2020 AND 2019

(Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS (cont'd)**b) Rent**

The Company currently pays Golden Ridge Resources Ltd. rent and expenses on a month to month basis for shared offices space at approximately \$750 per month effective September 1, 2018 for a total \$1,500 as at May 31, 2020 (2019 – \$2,250).

13. LOSS PER SHARE

	May 31 2020	May 31 2019
Net loss attributable to ordinary shareholders	(\$12,399)	(\$25,968)
Weighted average number of common shares	31,286,667	31,286,667
Basic and diluted loss per share	(\$0.00)	(\$0.01)

14. SEGMENT REPORTING

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities in Canada. The Company's non-current assets as at May 31, 2020 and February 29, 2020 are all in Canada.

15. SUPPLEMENTAL CASH FLOW INFORMATION

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statements of cash flows. During the period ended May 31, 2020 and 2019 are the following transactions were excluded from the statements of cash flows:

- i) Included in accounts payable is \$Nil (2019 - \$131,379) of exploration expenditures that are capitalized to exploration and evaluation assets.

16. EVENTS AFTER THE REPORTING DATE**Private Placement**

On June 17, 2020 the Company completed a non-brokered private placement (the "**Offering**") and issued 10,000,000 units (a "Unit") of the Company at a price of \$0.025 per unit for gross proceeds of \$250,000. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant (each whole warrant a "**Warrant**"). Each Warrant will entitle the holder to acquire one additional common share in the capital of the Company at a price of \$0.075 per share until June 19, 2022, subject to an accelerated expiry. In the event the closing trading price of the Company's shares is greater than \$0.15 per share for a period of 10 consecutive trading days (the "**Acceleration Event**") the Company will give notice to the holders of the Acceleration Event and the Warrants will expire 30 days thereafter.

In connection with the Offering the Company issued 315,000 finders warrants ("**Finder Warrant**"). Each Finder Warrant entitles the holder to acquire one additional common share in the capital of the Company at a price of \$0.075 per share until June 17, 2021.

Stock Option Plan

On July 9, 2020 the directors approved an amendment to its stock option plan subject to the approval by the shareholders of the Company at the annual general meeting of shareholder to be held later this year (the "**AGM**") and upon receipt of final approval by the TSX Venture Exchange (the "**Exchange**").

The Company proposes to replace its current 10% fixed plan (the "**Prior Plan**") with a rolling 10% stock option plan (the "**2020 Option Plan**"). Under the 2020 Option Plan, the Company may grant options to acquire common shares of the Company equal to 10% of the issued and outstanding shares from time to time subject to the terms and conditions prescribed by the Exchange and applicable securities laws.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (un-audited)

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6. EVENTS AFTER THE REPORTING DATE

Stock Option Plan (cont'd)

Current options outstanding to purchase common shares of the Company granted prior to the amendment will continue to be exercisable and will be governed by and subject to the terms of the 2020 Option Plan.

Options

Pursuant to the 2020 Option Plan, the Company has granted to certain directors of the Company options to purchase an aggregate 300,000 common shares at a purchase price of \$0.05 for a period of five years ("**New Options**"). To the extent the number of New Options granted exceed the number of options permitted under the Prior Plan, the New Options are subject to Exchange Approval and Disinterested Shareholder Approval (as such term defined in the policies of the Exchange) and will be presented for approval at the Company's upcoming AGM.

On July 8, 2020 25,000 stock options at an exercise price of \$0.07 expired without exercise.