

TWIGG & COMPANY
CHARTERED ACCOUNTANTS

J.S. TWIGG *B.Comm., C.A.*

L.D. SAFINUK *B. Comm., C.A.*

Amended and Restated

650 REGENCY CENTER
333 - 25th STREET EAST
SASKATOON S7K 0L4

TELEPHONE (306) 244-0808

FACSIMILE (306) 244-0004

JNR RESOURCES INC.

Review Engagement Report and Financial Statements

for the quarter ended July 31, 2004

TWIGG & COMPANY
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REVIEW ENGAGEMENT REPORT

**TO THE DIRECTORS OF
JNR RESOURCES INC.**

We have reviewed the balance sheet of JNR Resources Inc. as at July 31, 2004 and the statement of operations and deficit and cash flows and the schedule of deferred exploration for the quarter then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not in all material respects in accordance with Canadian generally accepted accounting principles.

“Twigg & Company”

**Saskatoon, Saskatchewan
November 16, 2004**

Chartered Accountants

Amended and Restated

JNR RESOURCES INC.

BALANCE SHEET AS AT JULY 31, 2004

	<u>July 31 2004</u>	<u>January 31 2004</u>
ASSETS		
Current		
Cash and equivalents	\$ 1,423,586	\$ 633,019
Term certificate (Note 4)	2,000,000	
Accounts receivable	17,475	
Marketable securities	9,000	6,500
Prepaid expense	7,392	
	3,457,453	639,519
Capital assets (Note 3)	34,322	5,446
Deferred exploration costs (Note 3 & 5)	3,465,729	3,409,711
Mineral properties and rights (Note 3 & 5)	213,542	132,060
	\$ 7,171,046	\$ 4,186,736
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 38,853	\$ 36,700
Due to a director		10,945
Taxes payable	22,370	75,745
	61,223	123,390
SHAREHOLDERS' EQUITY		
Share capital (Note 7 & 8)	14,831,944	11,679,973
Contributed surplus	652,232	233,132
Deficit	(8,374,353)	(7,849,759)
	7,109,823	4,063,346
	\$ 7,171,046	\$ 4,186,736

Prepared without audit

See accompanying notes

Approved by the Board:

“Richard T Kusmirski”

Director

“Tracey Hurly”

Amended and Restated

Director

JNR RESOURCES INC.

STATEMENTS OF OPERATIONS AND DEFICIT

FOR THE QUARTER ENDED JULY 31, 2004

	Three months ended July 31		Six months ended July 31	
	2004	2003	2004	2003
Administration costs				
Amortization	\$ 1,649	\$	\$ 2,034	\$
Bank and loan interest	428	23	488	204
Consulting	5,100		8,700	
Dues and memberships	3,402		3,542	
Equipment lease	813		813	
Filing fees	4,208	2,853	5,020	3,515
General meeting	6,596	4,299	6,596	4,299
Management fees	15,000	10,500	30,000	21,000
Office expense	2,713	25	3,873	25
Premises rent	3,343		3,343	
Professional fees	23,797	950	24,297	5,641
Shareholder communication			2,156	10,300
Stock compensation	419,100		419,100	
Telecommunications	1,756		2,626	
Transfer agent	2,228	947	4,983	3,357
Travel and accommodation	4,027	1,748	9,177	1,748
	494,160	21,345	526,748	50,089
Interest income	(2,154)		(2,154)	(105)
Total costs	492,006	21,345	524,594	49,984
Net loss for the period	492,006	21,345	524,594	49,984
Deficit, beginning of the period	7,882,347	6,081,839	7,849,759	6,053,200
Deficit, end of period	\$ 8,374,353	\$ 6,103,184	\$ 8,374,353	\$ 6,103,184
Basic Loss per share (Note 3)	0.01	0.00	0.01	0.01

Prepared without audit

Amended and Restated

JNR RESOURCES INC.

STATEMENT OF CASH FLOWS

FOR THE QUARTER ENDED JULY, 2004

	Three months ended		Six months ended	
	July 31		July 31	
	2004	2003	2004	2003
Cash flows from (used in) operating activities				
Net income (loss) for the period	\$ (492,006)	\$ (21,345)	\$ (524,594)	\$ (49,984)
Items not involving cash				
Stock based compensation expense	419,100		419,100	
Amortization	1,649		2,034	
	(71,257)	(21,345)	(103,460)	(49,984)
Cash provided by (invested in) non-cash working capital				
Decrease (increase) in term certificate			(2,000,000)	
Decrease (increase) in marketable securities			(2,500)	
Decrease (increase) in accounts receivable	(17,475)	(1,066)	(17,475)	(3,272)
Decrease (increase) in prepaids	(4,955)	(28,873)	(7,392)	(3,913)
Increase (decrease) in accounts payable				
And accrued liabilities	(4,200)	(7,000)	2,153	(3,461)
Increase (decrease) in taxes payable	(11,232)		(53,375)	
Increase (decrease) in due to director	(10,945)	10,500	(10,945)	4,245
	(120,064)	(47,784)	(2,192,994)	(56,385)
Cash flows from (used in) financing activities				
Issuance of share capital	159,900	50,000	3,151,971	80,000
	159,900	50,000	3,151,971	80,000
Cash flows from (used in) investing activities				
Mineral properties and rights	(45,422)		(81,482)	
Deferred exploration expenses	(26,834)		(56,018)	(11,466)
Acquisition of capital assets	(30,910)		(30,910)	
	(103,166)		(168,410)	(11,466)
Increase (decrease) in cash and cash equivalents	(63,330)	2,216	790,567	12,149
Cash and cash equivalents, beginning of period	1,486,916	15,856	633,019	5,923
Cash and cash equivalents, end of period	\$ 1,423,586	\$ 18,072	\$1,423,586	\$ 18,072

Prepared without audit

JNR RESOURCES INC.

Notes to Financial Statements July 31, 2004

1. Going Concern

These financial statements have been prepared on a going-concern basis which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business for the foreseeable future. Accordingly, it does not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than normal course of business and at amounts which may differ from those shown in the financial statements. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations.

2. Nature of Operations

The Company, directly and through joint ventures, is in the process of exploring its mineral properties and has not determined whether these properties contain ore reserves which are economically recoverable.

The recoverability of amounts shown for mineral properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and future profitable production from the properties or proceeds from disposition.

Ownership in mineral interest involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interest. The Company has investigated ownership of its mineral interests and, to the best of its knowledge, such ownership interests are in good standing.

3. Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of asset and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from those estimates.

Mineral Properties and Rights

The Company follows the accepted accounting practice of capitalizing acquisition, exploration and development costs applicable to properties held. If the properties become productive the costs will be amortized over the anticipated production of the property. If the property is abandoned, the applicable costs will be written off.

Prepared without audit

**Notes to Financial Statements
July 31, 2004**

3. Significant Accounting Policies - continued

Depletion of costs capitalized to properties will be recorded using the unit of production method based on estimated proven reserves as determined by independent engineers.

Management has determined each property or project to be a cost centre.

The costs capitalized represent those costs incurred to date and do not necessarily reflect present or future values.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as a resource property costs or recoveries when the payments are made or received.

Capital Assets

Capital assets are recorded at cost and amortized on a declining balance basis at the following annual rates:

Computer	30%
Equipment	20%
Automotive	30%

Cash Equivalents

Cash equivalents usually consist of highly liquid investments which are readily convertible into cash with maturities of 3 months or less when purchased.

Income Taxes

Income taxes are accounted for using the assets and liability method pursuant to Section 3465. of the Handbook of the Canadian Institute of Chartered Accountants. Future taxes are recognized for the tax consequences of "temporary differences" by applying enacted or substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and tax basis of existing assets and liabilities. The effect on deferred taxes for a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. In addition, Section 3465 requires the recognition of future tax benefits to the extent that realization of such benefits is more likely than not.

Stock-based Compensation Plan

Effective February 1, 2003, the Company adopted a new standard for the accounting for *Stock-based and other stock-based payments* ("CICA 3870), as recommended by the Canadian Institute of Chartered Accountants.

Prepared without audit

**Notes to Financial Statements
July 31, 2004**

3. Significant Accounting Policies - continued

As permitted by CICA 3870, the Company has applied the new recommendation prospectively only to awards granted on or after February 1, 2003. For stock options awards granted and all direct awards of stocks, the Company applies the fair value method. The fair value of stock options is determined by the *Black-Scholes Option Pricing Model* with assumptions for: weighted average risk-free interest rates; dividend yields; weighted-average volatility factors of the expected market price of the Company's Common Shares; and a weighted average expected life of the options. The fair value of direct awards of stocks is determined by the quoted market price of the Company's stock.

Basic and Diluted Loss Per Share

Loss per share amounts have been calculated and presented in accordance with the new recommendation of the Canadian Institute of Chartered Accountants. The new standard has been applied on a retroactive basis and had no impact on the amounts previously reported.

Basic earnings per share are computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to Common Shares. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the "if converted" method. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

4. Term Certificate

The Company has invested their temporary excess funds into a Guaranteed Investment Certificate at the Royal Bank earning interest at 2% and maturing on October 19, 2004.

5. Mineral Properties and Rights

The Company has acquired certain mineral properties and rights, the costs of which are as follows:

<u>Property</u>	<u>Property Costs</u>	<u>Deferred Exploration Costs</u>	<u>Total July 31 2004</u>	<u>Total January 31 2004</u>
North Athabasca Project	\$ 6,346	332,152	338,498	\$ 333,698
Greywacke Project	3,093	259	3,352	3,352
Moore Lake Project	72,684	2,357,693	2,430,377	2,384,259
Lazy Edward Bay Project	27,256	771,725	798,981	797,781
Bell Lake Project	22,681	300	22,981	22,681
South Cigar	9,275	300	9,575	
Black Lake	26,785	1,200	27,985	
Pendleton Lake		1,500	1,500	
Crackingstone	29,200	600	29,800	
Way Lake	16,222		16,222	
	<u>\$ 213,542</u>	<u>3,465,729</u>	<u>3,679,271</u>	<u>\$ 3,541,771</u>

Prepared without audit

JNR RESOURCES INC.

**Notes to Financial Statements
July 31, 2004**

5. Mineral Properties and Rights – Continued

A. North Athabasca Project

A 50% interest in CBS 8175, situated north of the Pine Channel of Lake Athabasca, Saskatchewan. To July 31, 2004 the Company has expended \$6,346 on acquisition costs and \$332,152 on exploration of the property.

B. Greywacke Project

In May, 2001, the Company and Shane Resources Ltd. ("Shane") jointly acquired by staking 4 mineral claims in the Dickens Lake area of Northern Saskatchewan, the Greywacke Project pursuant to an agreement dated May 22, 2001, the Company and Shane entered into an option agreement granting to Masuparia Gold Corp. ("Masuparia") the right to earn an interest of up to 70% in the Company's and Shane's property known as the Greywacke Project. Under the agreement, Masuparia may earn a 51% interest in the two claims by making a property payment of \$10,000 (made), expending an aggregate \$850,000 on exploration of the claims by May 25, 2005, and issuing an aggregate 500,000 common shares, staged against exploration, by May 25, 2005. Thereafter, Masuparia may increase its interest to 70% by expending a further \$2 million on exploration of the claims by May 25, 2008.

To July 31, 2004, the Company had incurred net acquisition costs of \$3,093 and exploration costs of \$259 in respect of the claims, and had received a property payment of \$5,000 and shares valued at \$13,000 from Masuparia.

C. Moore Lake Project

Since 1997 the Company had acquired several claims by staking of which it now retains a total of 8 claims totalling 21,093 ha. in an area of the Athabasca Basin of Northern Saskatchewan know as the Moore Lake Project.

The Company and Kennecott Canada Exploration Inc. entered into a Reorganization Agreement dated December 6, 2002, in respect of the Moore Lake Project.

Under the terms of the Reorganization Agreement, the Company can acquire all of Kennecott's interest (50%) in the Moore Lake Project property by expending \$2,000,000 on exploration of that property over the next five years. The Company will also immediately acquire Kennecott's interest in the Lazy Edwards Bay and Cigar North properties. Kennecott will retain a 2.5% net smelter return royalty on all the properties.

This Athabasca Project Reorganization agreement was amended February 20, 2004 allowing for a buydown of the 2.5% net smelter return royalty to 1.25% by payment of \$1,000,000 to Kennecott..

By way of a letter of intent dated October 23, 2003, the Company granted International Uranium Corp (IUC) an option to earn a 51% interest in the Moore Lake Project through aggregate expenditures and investments of \$2.2 million over the first two years. IUC will also have the option to earn a further 24% interest in the Moore Lake Project through additional aggregate expenditures of \$2.2 million over years three and four. The Company will be manager of the exploration programs.

Prepared without audit

**Notes to Financial Statements
July 31, 2004**

5. Mineral Properties and Rights – Continued

To July 31, 2004, the Company had incurred net acquisition costs of \$72,684 and exploration costs of \$2,357,693 in respect of the claims.

D. Lazy Edward Bay Project

Since 1997 the Company had acquired several claims by staking of which it now retains a total of 8 claims totalling 29,443 ha. in an area of the Athabasca Basin of Northern Saskatchewan known as the Lazy Edward Bay Project.

The Company and Kennecott Canada Exploration Inc. entered into a Reorganization Agreement dated December 6, 2002, in respect of the Lazy Edward Bay Project.

Under the terms of the Reorganization Agreement, the Company acquired all of Kennecott's interest in the Lazy Edward Bay Project property. Kennecott will retain a 2.5% net smelter return royalty on all the properties.

This Athabasca Project Reorganization agreement was amended February 20, 2004 allowing for a buydown of 2.5% net smelter return royalty to 1.25% by payment of \$1,000,000 to Kennecott.

By way of a letter of intent dated October 23, 2003, the Company granted International Uranium Corp (IUC) an option to earn a 75% interest in the Company's Lazy Edward Bay Project through expenditures of \$2,000,000 over two years. The Company will be the manager of the exploration programs.

To July 31, 2004 the Company had incurred net acquisition costs of \$27,256 and exploration costs of \$771,725 in respect of the claims.

E. Bell Lake Project

During 2003 the Company acquired by staking 3 claims totalling 8,939 ha in Northern Saskatchewan known as the Bell Lake Project. These properties are currently being reviewed by International Uranium Corp.(IUC) who can elect to earn a 75% interest in the property by meeting certain obligations.

To July 31, 2004 the Company had incurred net acquisition costs of \$22,681 and exploration costs of \$300 in respect of the claims.

JNR RESOURCES INC.

**Notes to Financial Statements
July 31, 2004**

5. Mineral Properties and Rights – Continued

F. Black Lake

During the first quarter of the year the Company acquired by staking 6 claims totalling 24,282 ha in an area of the Athabasca Basin of Northern Saskatchewan.

To July 31, 2004 the Company had incurred net acquisition costs of \$26,783 and exploration costs of \$1,200 in respect of the claims.

G. South Cigar and Pendleton Lake

During the first quarter of the year the Company and International Uranium Corporation (IUC) acquired by staking 3 mineral claims totalling 11,830 ha in the South Cigar area of Northern Saskatchewan and 3 mineral claims totalling 12,819 ha in the Pendleton Lake area of Northern Saskatchewan. International Uranium Corp (IUC) can earn a 75% interest on these properties by paying the staking and recording fee and the initial \$500,000 in exploration of these properties. To July 31, 2004 the Company had incurred net acquisition costs of \$9,275 and exploration costs of \$1,800 in respect of the claims.

H. Way Lake

During the second quarter of 2004, the Company staked mineral claims totalling 14,073 hectares in the Way Lake area, 25 kilometres south east of Athabasca Basin in northern Saskatchewan.

These properties are currently being reviewed by IUC who can elect to earn a 75% interest in them in accordance with the terms of Strategic Alliance.

To July 31, 2004, the Company incurred acquisition costs of \$16,222.

I. Crackingstone

During the second quarter of 2004, the Company staked mineral claims totalling 10,665 hectares in the Uranium City area. The claims cover the Crackingstone Peninsula of northern Saskatchewan.

These properties are currently being reviewed by IUC who can elect to earn a 75% interest in them in accordance with the terms of the Strategic Alliance.

To July 31, 2004, the Company incurred acquisition costs of \$29,200 and exploration costs of \$600 in respect of these claims.

Prepared without audit

Notes to Financial Statements
July 31, 2004

6. Income Taxes

The Company has incurred expenditures on its mining exploration properties which are identified as Canadian Exploration Expenses (CEE) and Canadian Development Expenses (CDE) for income tax purposes. The cumulative CEE and CDE expenditures and loss carryforwards may be used to reduce future years' taxable income earned by the Company. No provision for the future income tax reductions has been made in these financial statements.

The future income tax asset is recognized only to the extent that it is more likely than not that sufficient taxable income will be available to allow an unrecognized future income tax asset to be realized.

The exploration and development expenses totalling \$3,797,978 can be carried forward indefinitely. The non-capital loss totalling \$1,129,777 are carried forward for tax purposes and are available to reduce taxable income of future years. These losses expire as follow:

Year	Non-Capital Losses
2005	\$ 465,351
2006	110,826
2007	143,729
2008	194,738
2009	
2010	67,651
2011	147,482
Total	\$1,129,777

7. Share Capital

The Company is authorized to issue 100,000,000 Common Shares with no par value and 10,000,000 Convertible Preferred Shares with a par value of \$1 each. The Directors may deem the shares to be cumulative at date of issuance.

JNR RESOURCES INC.

**Notes to Financial Statements
July 31, 2004**

7. Share Capital – continued

At July 31, 2004 the Company's issued share capital was as follows:

	<u>Number of Shares</u>	<u>\$ Amount</u>
Preferred Shares	3,000	\$ 3,000
<u>Common Shares</u>		
Balance January 31, 2003	43,747,027	10,752,393
Private placement	1,000,000	50,000
Private placement	5,000,000	500,000
Private placement	800,000	200,000
Exercise of options	1,450,000	174,580
<hr/>		
Balance January 31, 2004	52,000,027	11,679,973
Private placement	2,544,000	636,000
Private placement	5,000,000	2,500,000
Exercise of options	1,285,000	134,100
Exercise of warrants	1,040,000	112,400
Share issue costs		(230,529)
<hr/>		
<u>Balance at July 31, 2004</u>	<u>61,869,027</u>	<u>14,831,944</u>

Prepared without audit

JNR RESOURCES INC.

**Notes to Financial Statements
July 31, 2004**

8. Share Capital Options and Warrants

Options

The Company has established a stock based compensation plan pursuant to which options to purchase common shares may be granted to certain officers, directors, and employees of the Company as well as persons providing ongoing services to the Company. Exercise price of options equals the market price of the Company's stock on the date of grant. Stock options are exercisable on the day of grant and are for a five-year term.

A summary of the status of the Company incentive stock option plan as at July 31, 2004 is as follows:

	Number of shares	Weighted Average Exercise Price
Outstanding January 31, 2004	2,510,000	0.17
Granted	1,000,000	0.55
Exercised	1,285,000	0.10
Outstanding, July 31, 2004	2,225,000	0.29

Options Granted

During the second quarter the Company's Board of Directors approved and granted the following stock options to employees and directors.

July 23, 2004 1,000,000 at a price of \$0.55 per share exercisable for five years

The Company accounted for stock compensation expense of these options using the following assumptions: risk-free interest rate of 4.0%, dividend yield of 0%, volatility of 100%, and expected lives of 5 years. The fair value of these options is estimated at \$0.419 per option. The Company has recorded \$419,100 in stock based compensation expense on these 1,000,000 stock options during the period

A summary of the status of the Company incentive stock option plan as at July 31, 2004 is as follows:

Number of shares Under Option	Exercise Price	Expiry Date
3,000,000	0.10	May 17, 2007
125,000	0.10	April 14, 2008
800,000	0.29	January 12, 2009
1,000,000	0.55	July 22, 2009
2,225,000		

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JNR RESOURCES INC.

Notes to Financial Statements July, 2004

8. Share Capital Options and Warrants

Warrants

The Company raises funds by private placements. The funds were raised by the Company issuing units with each unit consisting of one Common Share and one Share Purchase Warrant entitling the holder to purchase one additional Common Share

A summary of the status of the share purchase warrants is as follows:

<u>Number of Warrants</u>	<u>Purchase Price</u>	<u>Expiry Date</u>
5,000,000	0.15	November 3, 2005
760,000	0.31	December 4, 2004 then 0.36 December 4, 2005
2,544,000	0.31	January 22, 2005 then 0.36 to January 22, 2006

9. Related Party Transactions

During the quarter the Company incurred charges from directors or companies sharing common directors as follows:

	<u>July 31, 2004</u>	<u>April 30, 2004</u>	<u>Total</u>
Office services	\$ 972	\$ 1,769	\$ 2,741
Exploration expenditures	19,500	29,700	49,200
Management fee	15,000	15,000	30,000
Travel	<u>1,909</u>	<u>3,505</u>	<u>5,414</u>
	<u>\$ 37,381</u>	<u>\$ 49,974</u>	<u>\$ 87,355</u>

These transactions occurred during the normal course of operations and were measured at the exchange amount, that is the amount established and accepted by the parties.

10. Subsequent Event

Subsequent to the quarter ended July 31, 2004 Directors exercised 300,000 options for proceeds of \$30,000 and 1,839,400 warrants were exercised for proceeds of \$442,950.

11. Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and amounts due to Directors. The fair value of these financial instruments approximate their carrying values, unless otherwise noted. The Company is not exposed to significant interest, currency or credit risk arising from financial instruments.

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JNR RESOURCES INC.

Notes to Financial Statements July, 2004

12. Non-cash Financing Activities

During the first quarter, 50,000 shares of Masuparia Gold Corp were received by the Company pursuant to a mineral property option agreement. The total value of these shares at the time they were received was \$2,500.

13. Commitment

The Company has issued flow through shares and committed to spend the proceeds on exploration and development. As at July 31, 2004 the Company is committed to spend \$200,000 of the flow through share proceeds on exploration and development.

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JNR Resources Inc.

SCHEDULE OF DEFERRED EXPLORATION COSTS

FOR THE PERIOD ENDED JULY 31, 2004

Property/ Project	Balance January 2004	31, Geophys- ical Surveys	Drilling	Geologists Analyses & Report Preparation	Travel Camps & Accommod- ation	Total Costs	Cost Recovery	Cost Written Off	Balance July 31, 2004
North Athabasca	\$327,352	4,800				4,800			\$332,152
Greywake	259								259
Moore Lake	2,311,575			47,550	1,068	48,618	(2,500)		2,357,693
Lazy Edward Bay	770,525			1,200		1,200			771,725
Black Lake				1,200		1,200			1,200
South Cigar				300		300			300
Pendleton				1,500		1,500			1,500
Bell Lake				300		300			300
Crackingstone				600		600			600
	\$3,409,711	4,800		52,650	1,068	58,518	(2,500)		\$3,465,729

Prepared without audit

**FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
JNR RESOURCES INC.
THREE MONTH PERIOD ENDED JULY 31, 2004**

The following discussion and analysis of the financial condition and results of operations for JNR Resources Inc. has been prepared as of November 23, 2004 to provide additional information to that already provided in the unaudited financial statements for the three month period ended July 31, 2004 and related notes attached thereto.

The reader should also refer to the annual audited financial statements for the years ended January 31, 2004 and 2003, which are prepared in accordance with Canadian generally accepted accounting principles.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

The Company trades on the TSX Venture Exchange under the symbol JNN.

Overall Performance

The Company, directly and through joint ventures, is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves which are economically recoverable.

The Company completed two private placements during the first quarter ended April 30, 2004 which provided proceeds of over \$3 million. Options and warrants are being exercised as well, providing additional capital. These funds will enable the Company to continue a vigorous program of exploration on the properties they currently hold, as well as allow them to continue to explore and acquire new properties which are felt to hold potential. The Company had net working capital of \$3,396,230 at July 31, 2004 and is sufficiently financed to meet its operating needs and financial obligations for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing. Outstanding options and warrants should be exercised before expiry, providing additional cash flow for continuing operations. General market conditions in the past year have made raising capital for junior exploration companies much easier than in the past.

The recoverability of amounts shown for mineral properties and rights is dependant upon the discovery of economically recoverable reserves, the ability of the company to obtain

the necessary approvals and financing to complete the development, and future profitable production from the properties or proceeds from disposition.

Ownership in mineral interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interests. The Company has investigated ownership of its mineral interests and, to the best of its knowledge, such ownership interests are in good standing.

Exploration Properties

The Company has acquired certain mineral properties and rights. Details of these mineral properties or interests in mineral properties are as follows:

(a) North Athabasca Project

A 50% interest in CBS 8175 is situated north of the Pine Channel of Lake Athabasca, Saskatchewan.

To July 31, 2004, the Company had incurred net acquisition costs of \$6,346 and exploration costs of \$332,152 in respect of the claim.

(b) Moore Lake Project

Since 1997, the Company has been acquiring by staking and subsequently exploring for uranium, along with its Joint Venture partner Kennecott Canada exploration Inc.; a number of mineral claims in the Moore Lake area, of the Athabasca Basin of Northern Saskatchewan.

On December 6, 2002, the Company and Kennecott entered into a Reorganization Agreement, in respect of the Moore Lake properties as well as other jointly held uranium properties. Under the terms of this Agreement the Company can acquire all of Kennecott's interest (50%) in the Moore Lake properties, by expending \$2,000,000 on exploration of the properties over the next five years. The Company also immediately acquired Kennecott's interest in all of their other Saskatchewan uranium properties. Kennecott will retain a 2.5% net smelter return royalty on all of the properties.

The Reorganization Agreement has since been amended to allow for a buydown of 50% of the net smelter return royalty by payment of \$1,000,000 to Kennecott.

On October 23, 2003, the Company and International Uranium Corporation (IUC) signed a Letter Agreement whereby IUC can earn a 51% interest in the Moore Lake properties by incurring expenditures of \$2,000,000 on exploration, and by investing in the Company by way of private placement \$200,000 in the first two years. IUC can earn a further 24% interest by incurring additional expenditures of \$2,000,000 on exploration and by

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investing an additional \$200,000 in the Company in years three and four. The Company will be the manager of the exploration programs.

During the fourth quarter of 2003, the Company and IUC initiated an extensive winter exploration program which was completed during the first quarter of 2004. It comprised 19 holes totalling 6747 meters; as well as linecutting and ground electromagnetic (EM) surveys. The results from 'phase 1' of this program were released on March 3, 2004 and indicated the presence of high grade uranium mineralization in two of the holes as well as highly anomalous geochemistry and geology in several others.

During the first quarter of 2004, the Joint Venture staked additional ground in the Moore Lake project area; thereby increasing its land position to almost 37,000 hectares.

On May 18 and June 23, 2004 the Company and IUC released the results from 'Phase 2' of the winter program and announced the initiation of a summer program consisting of 15,000 meters of diamond drilling, along with a property wide boulder sampling program, and additional linecutting and ground geophysical programs.

The summer program was initiated in late June and on August 17 & 19, and September 15, 2004, the Company released results from the first several holes drilled during this program.

To July 31, 2004, the Company had incurred net acquisition costs of \$72,684 and exploration costs of \$2,357,693 in respect of the claims.

(c) Lazy Edward Bay Project

Since 1997, the Company has been acquiring by staking and subsequently exploring for uranium, along with its Joint Venture partner Kennecott Canada Exploration Inc.; a number of claims in the Lazy Edward Bay area, of the Athabasca Basin of Northern Saskatchewan.

On December 6, 2002, the Company and Kennecott entered into a Reorganization Agreement, in respect of the Lazy Edward Bay properties, as well as other jointly held uranium properties. Under the terms of this Agreement the Company will acquire all of Kennecott's interest in the Lazy Edward Bay properties. Kennecott will retain a 2.5% net smelter return royalty on all of the properties.

The Reorganization Agreement has since been amended to allow for a buydown of 50% of the net smelter return royalty by payment of \$1,000,000 to Kennecott.

On October 23, 2003, the Company and IUC, signed a Letter Agreement whereby IUC can earn a 75% interest in the Lazy Edward Bay properties by incurring expenditures of \$2,000,000 on exploration over two years. The Company will be manager of the exploration programs.

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During the fourth quarter of 2003, the Company and IUC tripled their land position in the Lazy Edward Bay area to almost 30,000 hectares, by staking additional mineral claims.

To July 31, 2004, the Company had incurred net acquisition costs of \$27,256 and exploration costs of \$771,725 in respect of these claims.

(d) Pendleton Lake

During the fourth quarter of 2003, the Company and IUC staked mineral claims totalling almost 13,000 hectares in the Pendleton Lake area of Northern Saskatchewan. These properties are located 40 kilometres southeast of the Athabasca Basin proper and will be explored for uranium. These properties are also subject to the terms of a Strategic Alliance between the Company and IUC; whereby IUC must pay staking and recording costs, and must expend the initial \$500,000 on exploration of the properties, to earn a 75% interest.

During the first quarter of 2004, the Joint Venture completed a 510 kilometre airborne GEOTEM survey over the project lands. The results are pending.

During the second quarter of 2004 the Joint Venture completed a reconnaissance-scale surficial geology mapping and sampling program over the project lands, the results of which are pending.

To July 31, 2004 the Company had incurred exploration costs of \$1,500 in respect of these claims.

(e) Bell Lake

During the fourth quarter of 2003, the Company staked mineral claims totalling almost 9000 hectares in the Bell / La Rocque Lakes area, of the Athabasca Basin area of Northern Saskatchewan. These properties are proximal to Cameco's La Rocque Lake uranium deposit and are currently being reviewed by IUC, who can elect to earn a 75% interest in them, in accordance with the terms of the Strategic Alliance.

To July 31, 2004, the Company had incurred net acquisition costs of \$22,681 and exploration costs of \$300 in respect of these claims.

(f) South Cigar

During the first quarter of 2004, the Company and IUC staked mineral claims totalling almost 12,000 hectares south of Cameco's Cigar Lake uranium deposit. These properties are subject to the terms of the Strategic Alliance between the Company and IUC.

To July 31, 2004 the Company had incurred net acquisition costs of \$9,275 and exploration costs of \$300 in respect of the claims.

(g) Black Lake

During the first quarter of 2004, the Company acquired by staking a 100% interest in just over 24,000 hectares of property in the Black Lake area, located in the north eastern part of the Athabasca Basin. This project covers over 20 km of strike length of the Black Lake fault; a major structural break in the Precambrian Shield.

Previous work on the property included the identification of EM conductors that saw only a nominal amount of diamond drilling, yet returned encouraging geological and geochemical results.

To July 31, 2004 the Company had incurred net acquisition costs of \$26,785 and exploration costs of \$1,200 in respect of these claims.

(h) Greywacke Claims

On May 21, 2001, the Company and Shane Resources Ltd. (Shane) entered into an Option Agreement with Masuparia Gold Corp. (Masuparia), to explore their four jointly held gold claims in the Greywacke Lake area of Northern Saskatchewan. Under the terms of the Agreement, Masuparia can earn a 51% interest in the claims by making a property payment of \$10,000 (made), expending \$850,000 on the claims by May 25, 2005, and by issuing an aggregate of 500,000 common shares (100,000/year), by May 25 2005. Masuparia also has the option to increase its interest to 70% by expending a further \$2,000,000 on exploration of the claims by May 25, 2008.

To July 31, 2004, the Company had incurred acquisition costs of \$3,093 and exploration costs of \$259 in respect of these claims. The Company has received from Masuparia a property payment of \$5,000 and shares valued at \$13,000.

(i) Way Lake

During the second quarter of 2004, the Company staked mineral claims totalling 14,073 hectares in the Way Lake area, 25 kilometres southeast of the Athabasca Basin proper. Previous work in the area identified uranium mineralization associated with pitchblende in both boulders and outcrop. Grab samples returned up to 50% U₃O₈.

These properties are currently being reviewed by IUC who can elect to earn a 75% interest in them in accordance with the terms of the Strategic Alliance.

To July 31, 2004, the Company incurred acquisition costs of \$16,222.

(j) Crackingstone

During the second quarter of 2004, the Company staked mineral claims totalling 10,665 hectares in the Uranium City area. The claims cover the Crackingstone Peninsula and the northeast strike extensions of the unconformity between the Martin Group and the Tazin Group.

These properties are currently being reviewed by IUC who can elect to earn a 75% interest in them in accordance with the terms of the Strategic Alliance.

To July 31, 2004, the Company incurred acquisition costs of \$29,200 and exploration costs of \$600 in respect of these claims.

Selected Annual Information

	Year ended Jan. 31/04	Year ended Jan. 31/03	Year ended Jan. 31/02
Total revenues	11,631	158,955	115,755
Net loss	1,792,260	216,843	243,435
Basic & diluted loss per share	(\$0.04)	(\$0.01)	(\$0.01)
Total assets	4,186,736	4,913,942	5,113,339
Total long-term liabilities	0	0	0
Cash dividends	0	0	0

Revenue for the years ended January 31, 2003 and 2002 was the result of rental charged for camp and exploration equipment and project management services for exploration. Revenues for the year ended January 31, 2004 were significantly lower than those for the previous years because there was no ongoing exploration during the year. The increase in the net loss at January 31, 2004 was due mainly to a \$45,427 dollar write off for mineral properties abandoned and the write off of \$1,379,880 for deferred exploration costs associated with those properties.

Results of Operations

The following is a summary of significant exploration events and transactions that occurred during the period ended July 31, 2004:

1. The Company, along with Joint Venture partner International Uranium Corporation (IUC), initiated an extensive 15,000 meter diamond drilling program on the Moore Lake uranium project; as well as linecutting and ground electromagnetic (EM) surveys and a boulder sampling program. This work began in late June.

On August 17, 2004, the Company released the results from the first of three holes of the summer program. Hole ML-48 assayed 4.01% U₃O₈ over 4.7 meters, while hole ML-49 assayed 2.41% U₃O₈ over 4.5 meters.

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On August 19, 2004, the Company released the results from two additional holes. Hole ML-55 assayed 5.14% U_3O_8 over 6.2 meters, while hole ML-54 assayed 3.5% U_3O_8 over 5.0 meters.

On September 15, 2004, the Company released the results from several holes. This included the best intersection to date on the property in hole ML-61; which intersected a grade equivalent of 4.03% U_3O_8 over 10.0 meters; including a 1.4 meter intercept of 19.96% U_3O_8 .

The Company and IUC are very pleased with these results, especially with the high grade nature of the mineralizing system and plan to continue drilling with two drills until freeze-up.

The diamond drilling program will continue until freeze-up (approximately mid-late October).

2. Interpretation of airborne GEOTEM surveys carried out during the first quarter over the South Cigar and Pendleton Lake uranium Joint Ventures is still underway.

There are no plans at this time for additional exploration on this property.

3. The Company and IUC completed a reconnaissance-scale surficial geology mapping and sampling program on their Pendleton Lake uranium Joint Venture. The results are pending.

There are no plans at this time for additional exploration on this property.

4. The Company acquired by staking 14,073 hectares of ground in the Way Lake area of northern Saskatchewan. These properties are located 25 kilometers southeast of the Athabasca Basin proper and will be explored for uranium. The Company also acquired by staking 10,665 hectares of ground in the Uranium City area. Both groups of properties are currently being reviewed by IUC, who can elect to earn a 75% interest in them.
5. The Company is considering a number of options for exploration on its Black Lake property and will likely fly an airborne MEGATEM survey over the property towards the end of the year.
6. There are no immediate plans for exploration on any of JNR Resources Inc.'s remaining properties.

During the quarter ended July 31, 2004, the Company received \$159,900 in exchange for the exercise of options and warrants.

The Company raised \$56,500 through the exercise of 125,000 options at a price of \$0.10 and 400,000 options at a price of \$0.11. The Company received \$103,400 in exchange

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for warrants exercised during this quarter: 910,000 at a price of \$0.10 and 40,000 at a price of \$0.31.

During the quarter ended July 31, 2004 the Company's Board of Directors approved and granted 1,000,000 stock options at a price of \$0.55 per share exercisable for five years to employees and directors. The Company recorded \$419,100 as stock based compensation expense on these options during the quarter.

The Company invested \$1,250,000 of the money raised during the first quarter in a Guaranteed Investment Certificate with an interest rate of 1.95% which matures on October 19, 2004. An additional GIC was purchased for \$750,000 with an interest rate of 2.0% and it matures on October 20, 2004.

During the quarter ended July 31, 2004, the Company reported an operating loss of \$492,006 (operating loss of \$21,345 in 2003). The difference is mainly attributed to expenses for dues and memberships (\$3,402 in 2004; \$0 in 2003), filing fees (\$4,208 in 2004; \$2,853 in 2003), the stock compensation expenses (\$419,100 in 2004; \$0 in 2003), consulting (\$5,100 in 2004; \$0 in 2003), premises expense (\$3,343 in 2004; \$0 in 2003), professional fees (legal fees were \$15,097 in 2004; \$0 in 2003), audit fees were (\$8,700 in 2004; \$950 in 2003), telephone expenses (\$1,756 in 2004; \$2,626 in 2003), and transfer agency costs (\$2,228 in 2004; \$947 in 2003). The increase in administrative expenses is largely due to the fact that the Company raised money to spend on exploration.

Summary of Quarterly Results

The following quarterly financial data is derived from the interim, unaudited financial statements of JNR Resources Inc. as at and for the three month periods ended on the dates indicated below. The information should be read in conjunction with the Company's interim, unaudited financial statements and the accompanying Notes.

	<u>July 31/04</u>	<u>Apr. 30/04</u>	<u>Jan. 31/04</u>	<u>Oct. 31/03</u>
Total assets	7,171,046	7,110,430	4,186,736	4,972,782
Mineral properties & deferred costs	3,679,271	3,607,015	3,541,771	4,911,999
Working capital (deficiency)	3,396,230	3,408,252	516,129	(143,009)
Shareholders' equity	7,109,823	7,022,829	4,063,346	4,775,020
Revenues	2,154	0	11,526	0
Net loss (Profit)	492,006	32,588	1,722,007	24,568
Loss (earnings) per share	\$0.01	\$0.00	\$0.03	\$0.00

Amended and Restated

	<u>July 31/03</u>	<u>Apr. 30/03</u>	<u>Jan. 31/03</u>	<u>Oct. 31/02</u>
Total assets	4,944,742	4,940,087	4,913,942	5,006,312
Mineral properties & deferred costs	4,904,500	4,904,500	4,893,034	4,990,487
Working capital (deficiency)	(131,599)	(160,254)	(154,448)	(158,609)
Shareholders' equity	4,777,088	4,748,433	4,742,773	4,837,860
Revenues	0	105	109,843	3,004
Net loss (Profit)	21,345	24,340	139,966	41,421
Loss (earnings) per share	\$0.000	\$0.001	\$0.003	\$0.001

The net loss of 1,722,007 at January 31, 2004 was due mainly to a \$45,427 dollar write off for mineral properties abandoned, the write off of \$1,379,880 for deferred exploration costs associated with those properties, and stock compensation amounting to \$217,833. The net loss of 139,966 at January 31, 2003 was due mainly to write offs of \$91,453 for mineral properties abandoned, \$42,784 for deferred exploration costs associated with those properties, and stock compensation amounting to \$44,879. The net loss of \$492,006 at July 31, 2004 is larger than the quarter ended April 30, 2004 (\$32,588) because of the stock compensation expensed on the 1,000,000 options granted to directors and employees during the quarter and because there is now an ongoing exploration program which commenced in January, 2004. New exploration programs increased the overhead and administrative costs of the Company along with increased administrative costs related to the fund raising activities of the Company. The Company opened a new office and incurred premises expense of \$6,596 during the period (\$0 premises expense during the previous quarter) and costs for the annual general meeting during this quarter were \$3,343 (\$0 for the previous quarter). Revenues for the quarters ended January 31, 2004 and January 31, 2003 were significantly higher than other quarters. The revenue declared in these quarters can be mainly attributed to recovery of expenses for managing exploration programs on behalf of the project operator (\$10,980 for 2004 and \$118,223 for 2003).

Liquidity and Capital Resources

	<u>July 31,</u> <u>2004</u>	<u>Jan. 31,</u> <u>2004</u>
Current Assets	3,457,453	639,519
Current Liabilities	<u>61,223</u>	<u>123,390</u>
Working Capital	3,396,230	516,129

The Company currently holds \$2,000,000 in Guaranteed Investment Certificates which mature in October, 2004. At that time we will determine, based on projected exploration expenditures, what amount to reinvest.

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The Company's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable. The fair value of these financial instruments approximates their carrying values, unless otherwise noted. The Company is not exposed to significant interest, currency, or credit risk arising from financial instruments

The Company has sufficient funds to meet its operating needs and financial obligations for the ensuing year, as well as to continue exploration programs both planned and currently in progress. All of the Company's mineral properties are currently in good standing for a minimum of one year and no expenditures are required.

Related Party Transactions

During the period ended July 31, 2004 the Company entered into the following transactions with a director and Terra Venture Geological Services Ltd., a company solely owned by the president of JNR Resources Inc.:

- a) Management fees of \$15,000.
- b) Exploration expenditures of \$19,800.

Terra Venture Geological Services Ltd. is under contract with JNR Resources Inc. to provide management, geological and technical services.

The Company also reimbursed Rick Kusmirski, the president and a director of JNR, for the following expenses:

- a) Travel of \$1,909
- b) Office services of \$972

These transactions occurred during the normal course of operations and were measured at the exchange amount, that is, the amount established and accepted by the parties.

Share Capital

The Company is authorized to issue 100,000,000 Common Shares with no par value and 10,000,000 Convertible Preferred Shares with a par value of \$1 each. The Directors may deem the shares to be cumulative at date of issuance.

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At November 23, 2004 the Company's issued share capital was as follows:

	Number of Shares	\$ Amount
Preferred Shares	3,000	\$ 3,000
<u>Common Shares</u>		
Balance January 31, 2003	43,747,027	10,752,393
Private placement	1,000,000	50,000
Private placement	5,000,000	500,000
Private placement	800,000	200,000
Exercise of options	1,450,000	174,580
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Balance January 31, 2004	52,000,027	11,679,973
Private placement	2,544,000	636,000
Private placement	5,000,000	2,500,000
Exercise of options	1,285,000	134,100
Exercise of warrants	1,040,000	112,400
Share issue costs		(230,529)
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Balance at July 31, 2004	61,869,027	14,831,944
Exercise of options	300,000	30,000
Exercise of warrants	1,849,400	446,050
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<u>Balance at November 23, 2004</u>	<u>64,018,427</u>	<u>15,307,994</u>

Changes in Accounting Policies

Stock-based Compensation Plan

Effective February 1, 2003, the Company adopted a new standard for the accounting for Stock-based and other stock-based payments as recommended by the Canadian Institute of Chartered Accountants (CICA 3870).

As permitted by CICA 3870, the Company has applied the new recommendation prospectively only to awards granted on or after February 1, 2003. For stock option awards granted and all direct awards of stock, the Company applies fair value method. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for: weighted average risk-free interest rates; dividend yields; weighted-average volatility factors of the expected market price of the Company's Common Shares; and a weighted average expected life of the options. The fair value of direct awards of stocks is determined by the quoted market price of the Company's stock.

Subsequent Events

Subsequent to the quarter ended July 31, 2004 Directors exercised 300,000 options for proceeds of \$30,000 and 1,839,400 warrants were exercised for proceeds of \$442,950. It is anticipated that there will be further exercising of warrants and options before the end of the next quarter.

Corporate Governance

Management of the Company is responsible for the preparation and presentation of the financial statements and the accompanying notes, the MD&A, and other information contained in this report.

Management also has the responsibility for the maintenance of adequate accounting records and internal controls, prevention and detection of fraud and errors, safeguarding of assets, selection, and application of suitable policies, and appropriate disclosure and the timely disclosure of financial information in the financial statements. The preparation of the financial statements in accordance with generally accepted accounting principles is also the responsibility of management.

Signed

“Richard T. Kusmirski”
President