

**JNR RESOURCES INC.**  
P.O. Box 26061  
Saskatoon, SK S7K 7H9

**JNR RESOURCES INC.**

**Interim Financial Statements**

(Prepared by Management)

**for the six months ended July 31, 2005**

**Prepared without audit**

**NOTICE TO SHAREHOLDERS  
FOR THE THREE MONTHS ENDED JULY 31, 2005  
JNR RESOURCES INC.**

**Responsibility for Financial Statements**

The accompanying financial statements for JNR Resources Inc. have been prepared by management in accordance with generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the January 31, 2005 audited financial statements. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets 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. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the consolidated financial statements, management is satisfied that these consolidated financial statements have been fairly presented.

Disclosure Required Under National Instrument 51-102 – “Continuous Disclosure Obligations” – Part 4.3(3)(a)

The auditor of JNR Resources Inc. has not performed a review of the unaudited financial statements for the six months ended July 31, 2005.

**JNR RESOURCES INC.**  
**BALANCE SHEET AS AT JULY 31, 2005**

	<u>July 31, 2005</u>	<u>January 31, 2005</u>
<b>ASSETS</b>		
<b>Current</b>		
Cash and equivalents	\$ 678,389	\$ 921,518
Term certificate	3,500,000	3,000,000
Accounts receivable	141,217	285,328
Marketable securities	11,000	9,000
Prepaid expense	<u>7,523</u>	<u>4,767</u>
	4,338,129	4,220,613
<b>Capital assets</b>	103,690	80,709
<b>Deferred exploration costs</b>	3,661,233	3,480,809
<b>Mineral properties and rights</b>	<u>469,096</u>	<u>201,306</u>
	<u>\$ 8,572,148</u>	<u>\$ 7,983,437</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 98,593	\$ 43,948
Due to a director	<u>0</u>	<u>10,204</u>
	98,593	54,152
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	16,601,882	16,116,182
Contributed surplus	695,900	695,900
Deficit	<u>(8,824,227)</u>	<u>(8,882,797)</u>
	8,473,555	7,929,285
	<u>\$ 8,572,148</u>	<u>\$ 7,983,437</u>

Approved by the Audit Committee:

"Richard T Kusmirski"

Director

"Ron Hochstein"

Director

**Prepared without audit**

**JNR RESOURCES INC.**

**STATEMENT OF OPERATIONS AND DEFICIT**

**FOR THE SIX MONTHS ENDED JULY 31, 2005**

	Year-to-Date <u>2005</u>	Year-to-Date <u>2004</u>	2 <sup>nd</sup> Quarter <u>2005</u>	2 <sup>nd</sup> Quarter <u>2004</u>
<b>Administration costs</b>				
Amortization	\$ 11,219	\$ 2,034	\$ 6,058	\$ 1,649
Bank and loan interest	15,709	488	15,568	428
Consulting	7,595	8,700	5,595	5,100
Dues and memberships	0	3,542	0	3,402
Equipment lease	3,696	813	1,848	813
Filing fees	7,362	5,020	5,750	4,208
General meeting	11,921	6,596	11,921	6,596
Insurance	4,545	0	4,545	0
Management fees	30,000	30,000	15,000	15,000
Office expense	11,428	3,873	6,437	2,713
Premises rent	10,636	3,343	6,770	3,343
Professional fees	9,846	24,297	5,060	23,797
Recoverable field expenses	65,723	0	27,746	0
Shareholder communication	4,228	2,156	848	0
Stock compensation	0	419,100	0	419,100
Telecommunications	4,257	2,626	2,748	1,756
Transfer agent	5,348	4,983	2,998	2,228
Travel and accommodation	42,815	9,177	26,960	4,027
Wages and benefits	<u>109,932</u>	<u>0</u>	<u>61,590</u>	<u>0</u>
	<b>356,260</b>	<b>526,748</b>	<b>207,442</b>	<b>494,160</b>
Sale of options	1,148	0	1,148	
Recovery of expenses	112,275	0	75,225	0
Project management income	125,550	0	65,370	0
Administrative overhead	120,000	0	0	0
Interest income	<u>55,857</u>	<u>2,154</u>	<u>22,729</u>	<u>2,154</u>
	<b>414,830</b>	<b>2,154</b>	<b>164,472</b>	<b>2,154</b>
<b>Operating loss (profit) for the period</b>	<b>(58,570)</b>	<b>524,594</b>	<b>42,970</b>	<b>492,006</b>
<b>Net loss (profit) for the period</b>	<b>(58,570)</b>	<b>524,594</b>	<b>42,970</b>	<b>492,006</b>
<b>Deficit, beginning of the period</b>	<b>8,882,797</b>	<b>7,849,759</b>	<b>8,781,257</b>	<b>7,882,347</b>
<b>Deficit, end of period</b>	<b>8,824,227</b>	<b>8,374,353</b>	<b>8,824,227</b>	<b>8,374,353</b>
<b>Basic loss (gain) per share</b>	<b>\$ (0.001)</b>	<b>\$ (0.010)</b>	<b>\$ (0.001)</b>	<b>\$ (0.010)</b>

Prepared without audit

**JNR RESOURCES INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE QUARTER ENDED JULY 31, 2005**

	Year-to-Date <u>2005</u>	Year-to-Date <u>2004</u>	2 <sup>nd</sup> Quarter <u>2005</u>	2 <sup>nd</sup> Quarter <u>2004</u>
<b>Cash flows from (used in) operating activities</b>				
Net income (loss) for the period	\$ 58,570	\$ (524,594)	\$ (42,970)	\$ (492,006)
Items not involving cash				
Stock based compensation expense	0	419,100	0	419,100
Sale of options	(1,148)	0	(1,148)	0
Amortization	<u>11,219</u>	<u>2,034</u>	<u>6,058</u>	<u>1,649</u>
	68,641	(103,460)	(38,060)	(71,257)
Cash provided by (invested in) non-cash working capital				
Decrease (increase) in term certificate	(500,000)	(2,000,000)	(500,000)	0
Decrease (increase) in marketable securities	0	(2,500)	0	0
Decrease (increase) in accounts receivable	144,110	(17,475)	69,790	(17,475)
Decrease (increase) in prepaids	(2,757)	(7,392)	1,721	(4,955)
Increase (decrease) in accounts payable and accrued liabilities	54,646	2,153	(7,860)	(4,200)
Increase (decrease) in taxes payable	0	(53,375)	0	(11,232)
Increase (decrease) in due to director	<u>(10,204)</u>	<u>(10,945)</u>	<u>0</u>	<u>(10,945)</u>
	<b><u>(245,564)</u></b>	<b><u>(2,192,994)</u></b>	<b><u>(474,409)</u></b>	<b><u>(120,064)</u></b>
<b>Cash flows from (used in) financing activities</b>				
Issuance of share capital	<u>485,700</u>	<u>3,151,971</u>	<u>99,000</u>	<u>159,900</u>
	<b><u>485,700</u></b>	<b><u>3,151,971</u></b>	<b><u>99,000</u></b>	<b><u>159,900</u></b>
<b>Cash flows from (used in) investing activities</b>				
Mineral properties and rights	(268,642)	(81,482)	(26,392)	(45,422)
Deferred exploration expenses	(180,423)	(56,018)	(125,850)	(26,834)
Acquisition of capital assets	<u>(34,200)</u>	<u>(30,910)</u>	<u>(23,922)</u>	<u>(30,910)</u>
	<b><u>(483,265)</u></b>	<b><u>(168,410)</u></b>	<b><u>(176,164)</u></b>	<b><u>(103,166)</u></b>
<b>Increase (decrease) in cash and cash equivalents</b>	(243,129)	790,567	(551,573)	(63,330)
Cash and cash equivalents, beginning of period	921,518	633,019	1,229,962	1,486,916
Cash and cash equivalents, end of period	<b><u>\$ 678,389</u></b>	<b><u>\$1,423,586</u></b>	<b><u>678,389</u></b>	<b><u>\$1,423,586</u></b>

Prepared without audit

**JNR Resources Inc.****SCHEDULE OF DEFERRED EXPLORATION COSTS****FOR THE PERIOD ENDED JULY 31, 2005**

Property/ Project	Balance January 31, 2005	Geophysical Surveys	Drilling	Geologists Analyses & Report Preparation	Travel Camps & Accommod- ation	Total Costs	Cost Recovery	Cost Written Off	Balance July 31, 2005
Bell Lake	\$300			900		900			\$1,200
Black Lake	219,830	8,793		7,312	2,144	18,249			238,079
Crackingstone	600			800		800			1,400
Kelic Lake	600			600		600			1,200
La Rocque Lake	0			900		900			900
Lazy Edward Bay	775,325			3,300		3,300			778,625
Moore Lake	2,414,945			53,700	1,632	55,332			2,470,277
Newnham Lake	32,080			48,895		48,895			80,975
North Athabasca	27,279			0		0			27,279
North Wedge	0			600		600			600
Pendleton	5,500			300		300			5,800
Rocky Brook	3,150			49,448		49,448			52,598
South Cigar	300			300		300			600
Way Lake	900			800		800			1,700
	<b>\$3,480,809</b>	<b>8,793</b>		<b>167,855</b>	<b>3,776</b>	<b>180,424</b>			<b>\$3,661,233</b>

Prepared without audit

**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**JNR RESOURCES INC.**  
**SIX MONTH PERIOD ENDED JULY 31, 2005**

The following discussion and analysis of the financial condition and results of operations for JNR Resources Inc. has been prepared as of September 23, 2005 to provide additional information to that already provided in the Audited financial statements for the year ended January 31, 2005 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](http://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 had net working capital of \$4,239,536 at July 31, 2005 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 and a half 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.

## **Performance Summary**

### **Highlights**

During the quarter ending July 31, 2005, the Company continued to focus its activities on uranium exploration. The Company was involved in exploration activities on three separate projects in the Athabasca Basin of northern Saskatchewan and on one project in the Deer Lake Basin of western Newfoundland.

The Moore Lake Joint Venture with partner IUC continues to be one of the most exciting exploration projects in the Athabasca Basin and the focal point of the Company's exploration efforts. A 15,000 metre summer diamond drilling program utilizing three drills was initiated during the quarter ending July 31, 2005.

On August 18, 2005, the Company released very encouraging results from the initial stages of that program and announced that drilling will continue through September with three drills operating. The better results include 1.81%  $U_3O_8$  over 11.1 metres (incl. 5.64%  $U_3O_8$  over 3.0 m) from drill hole ML-83 and 1.33%  $U_3O_8$  over 6.4 metres (incl. 8.5%  $U_3O_8$  over 0.9 m) from drill hole ML-85.

Planning of summer/fall exploration programs for several other uranium projects was underway, including the Company's 100% owned Black Lake and Newnham Lake projects.

During the quarter ending July 31, 2005, field work was initiated on the Company's Rocky Brook option, with diamond drilling beginning in early August. The Company can earn a 70% interest in this uranium property from Altius Minerals Corporation.

During the quarter ending July 31, 2005, the results from a 5-hole diamond drilling program on the Company's and Shane Resources Ltd. 'greywacke' gold project, which is under option to Masuparia Gold Corp, were received. The two holes that tested the main showing returned encouraging results, including 8.20 grams/tonne Au/26.64 metres (GW05-82).

### **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**

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

To July 31, 2005, the Company had incurred net acquisition costs of \$529 and exploration costs of \$27,279 in respect of the claim.

**(b) Moore Lake**

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

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 could 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 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 35,713 hectares (11 mineral claims).

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, 2004, the Company released results from the first several holes drilled during this program. The results continue to be very encouraging as a number of additional high grade intersections were obtained. Drill hole ML-48 assayed 4.01%  $U_3O_8$  over 4.7 meters; ML-49 assayed 2.41%  $U_3O_8$  over 4.5 meters; ML-54 assayed 3.5%  $U_3O_8$  over 5.0 meters and ML-55 assayed 5.14%  $U_3O_8$  over 6.2 meters.

On September 15, 2004, the Company released the results from several additional holes. This included the best intersection to date on the property in drill 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 e%  $U_3O_8$ .

The summer program was completed in late October and consisted of 33 holes, totalling 12,437 meters.

On December 9, 2004, the Company released the results from all but four of the remaining holes. For the most part these holes were focused on identifying uranium mineralization and/or areas of potential mineralization, northeast and southwest of the main mineralized lens. The results were very encouraging in that several drill holes intersected low grade mineralization; while virtually all of the drill holes intersected strong alteration and structural disruption, and anomalous geochemistry.

In light of these results the Company and IUC approved an extensive property-wide exploration program for the winter of 2004-2005. This program was completed in late April of 2005 and consisted of 31 diamond drill holes comprising 10,533 meters, 247 kilometres of grid establishment, 303 kilometres of ground electromagnetic (TDEM) and 67 kilometres of gravity surveys and a 23.3 kilometre seismic survey over the Maverick mineralized zone.

On May 26, 2005, the Company and IUC released the results from the regional program which successfully identified a multitude of targets over the northwest half of the property. Of particular interest was the identification of a previously unrecognized 10-kilometre long, 500-meter wide conductive corridor, which covers the interpreted western and northern contacts between the Maverick granite and the Lower Wollaston sediments. This corridor is virtually untested and the few holes that have been drilled returned highly anomalous geochemical results.

On June 9, 2005, the Company and IUC released the results from the exploration program in the immediate Maverick area. The geophysical work identified a number of new priority targets and provided a better understanding of the Maverick structural corridor and the mineralizing system. The drill results were also encouraging, in that

broad zones of low grade mineralization (up to 0.241% U<sub>3</sub>O<sub>8</sub> over 11.3 m; ML-72) accompanied by key 'pathfinder' elements were intersected in holes drilled on the Maverick Northeast grid, while the best result from the three holes completed on the Main zone was 0.46% U<sub>3</sub>O<sub>8</sub> over 8.0 meters, including 1.1% U<sub>3</sub>O<sub>8</sub> over 5.0 meters (ML-77).

On June 20, 2005, the Company and IUC announced that a diamond drilling program consisting of a minimum of 15,000 meters was underway. It will test the Main mineralized lens along with its interpreted northeast and southwest extensions; as well as the southern half of the newly identified 10-kilometre long, 500-metre wide conductive corridor located west and north of the Maverick granite.

On July 14, 2005 the Company and IUC announced that 8 diamond drill holes, totalling approximately 3,500 metres had been completed and that interim results should be available within a few weeks.

On August 18, 2005 the Company and IUC released the results from 16 diamond drill holes totalling 5,851 metres. The results from the initial stages of the summer program were very encouraging in that the strike length and the width of the Main mineralized lens have been extended, and the mineralizing system has been shown to continue to the north and northeast within the Nutana and the Maverick Northeast grids.

Three of the six holes that tested the Main lens intersected significant uranium mineralization, including high grade in two of them. ML-83 assayed 1.81% U<sub>3</sub>O<sub>8</sub> over 11.1 metres, including 5.64% U<sub>3</sub>O<sub>8</sub> over 3.0 metres, while ML-85 assayed 1.33% U<sub>3</sub>O<sub>8</sub> over 6.4 metres, including 8.5% U<sub>3</sub>O<sub>8</sub> over 0.9 metres. The 3.0 metre wide higher grade interval in ML-83 also returned 7.1% nickel & 2.55% cobalt. The summer diamond drilling program will continue through September with three drills operating.

On August 23, 2005 the Company announced that it had been provided notice by IUC that they wish to exercise the balance of their option to earn a 75% interest in the Moore Lake Property by subscribing for 173,913 units of the Company at a price of \$1.15 per unit. Each unit will consist of one common share and one share purchase warrant entitling IUC to purchase one additional common share of the Company at a price of \$1.16 for a period of two years. Having been approved by the TSX Venture exchange, this private placement was closed on September 12, 2005.

To July 31, 2005, the Company had incurred net acquisition costs of \$72,684 and exploration costs of \$2,470,277 in respect of the claims.

### **Lazy Edward Bay**

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

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 \$500,000 on exploration over two years. The Company will be manager of the exploration programs.

In January of 2004, the Company and IUC tripled their land position in the Lazy Edward Bay area to almost 30,000 hectares, by staking additional mineral claims. Further staking was carried out in December of 2004. The Lazy Edward Bay properties currently comprise 12 mineral claims, totalling 48,310 hectares.

A compilation of historical work was completed in January of 2005. On June 20, 2005, the Company and IUC announced that an exploration program would be carried out in the summer/fall; details of which are currently being finalized and will be released when they become available.

To July 31, 2005, the Company had incurred net acquisition costs of \$27,256 and exploration costs of \$778,625 in respect of these claims.

#### **(d) Pendleton Lake**

During the fourth quarter of 2003, the Company and IUC staked three mineral claims totalling 12,819 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, Fugro Airborne Surveys completed a 510 kilometre airborne GEOTEM survey over the project lands. The results indicate the presence of two dominant northeast-southwest striking conductors that transect the project lands. Fugro suggests that the emplacement of these conductors was structurally controlled.

During the second quarter of 2004 the Joint Venture completed a reconnaissance-scale surficial geology mapping and sampling program over the project lands. Final interpretation of the results had been held up, due to higher priorities elsewhere. This

work is now underway and will be reported on, along with the results of a summer prospecting, boulder sampling and till/soil sampling exploration program, completed in August of 2005.

To July 31, 2005, the Company had incurred exploration costs of \$5,800 in respect of these claims.

**(e) Bell Lake**

During the fourth quarter of 2003, the Company staked two mineral claims totalling 6031 hectares in the Bell Lake area, of the Athabasca Basin of Northern Saskatchewan.

These properties are proximal to Cameco's La Rocque Lake uranium deposit and are 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.

Plans are underway for an exploration program during the winter of 2005/06.

To July 31, 2005, the Company had incurred exploration costs of \$1,200 in respect of these claims.

**(f) La Rocque Lake**

During the fourth quarter of 2003, the Company staked one mineral claim totalling 2908 hectares in the La Rocque Lake area, of the Athabasca Basin of Northern Saskatchewan.

This property is proximal to Cameco's La Rocque Lake uranium deposit and subject to the terms of the Strategic Alliance between the Company and IUC.

Plans are underway for an exploration program during the winter of 2005/06.

To July 31, 2005, the Company had incurred exploration costs of \$900.

**(g) South Cigar**

During the first quarter of 2004, the Company and IUC staked three mineral claims totalling 12,819 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.

During the first quarter of 2004, the Joint Venture completed a 243 kilometre airborne GEOTEM survey over the project lands. This survey outlined a conductive feature interpreted to represent a deep seated basement conductor.

Additional staking during the second and third quarters of 2004 has resulted in the current 'South Cigar' land position, of five mineral claims totalling 17,653 hectares.

Plans are underway for an exploration program during the winter of 2005/06.

To July 31, 2005, the Company had incurred exploration costs of \$600 in respect of the claims.

#### **(h) 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. The property is located on the north rim of the Athabasca Basin, approximately 20 kilometres southeast of the town of Stony Rapids, and lies on the seasonal road to that community.

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.

In the third quarter of 2004, the Company staked additional ground in the area and now controls 10 mineral claims comprising 41,783 hectares. Furthermore the property also covers a 40 kilometre strike length of the Snowbird/Black Lake structure, a major crustal feature that represents the strike extension of the mineralized Virgin River shear, located some 225 kilometres to the southwest.

On November 2, 2004, the Company announced that a 1400 line kilometre airborne magnetic and MEGATEM survey would be flown over the property. This survey was completed in December of 2004. The results were released on February 22, 2005.

The survey identified several anomalous electromagnetic (EM) and ground magnetic responses that warrant follow-up. The interpreted EM conductors are anywhere from two to eight kilometres in length. Attempts in April, 2005 to ground define some of these conductors had to be aborted, because of poor weather.

Plans are underway for an exploration program during the winter of 2005/06.

To July 31, 2005 the Company had incurred net acquisition costs of \$61,550 and exploration costs of \$238,079 in respect of these claims.

#### **(i) 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(made).

On April 27, 2005, Masuparia announced that it had initiated a 1500 meter diamond drilling program on the Greywacke North zone. The results of that program were reported on June 22, 2005. Five holes were completed, two on the Greywacke Zone and three on its interpreted strike extensions to the northeast. The best result was from hole GW05-82 which was drilled at a shallow depth beneath the main showing and returned 8.20 grams per tonne gold over 26.64 meters. No significant results were obtained from the three step-out holes. A resource evaluation is underway.

Masuparia has given notice to the Company and Shane that it has earned its 51% interest in the claims, having fulfilled all of its obligations under the Option Agreement.

The Company has received from Masuparia a property payment of \$5,000 and shares valued at \$15,000.

#### **(j) Way Lake**

During the second quarter of 2004, the Company staked three 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% uranium.

The Company has an unencumbered 100% interest in these properties. The timing of exploration programs has yet to be determined.

To July 31, 2005, the Company had incurred net acquisition costs of \$16,222 and exploration costs of \$1,700 in respect of these claims.

#### **(k) Crackingstone**

During the second quarter of 2004, the Company staked four mineral claims totalling 10,665 hectares in the Uranium City area. These claims cover the Crackingstone Peninsula and the northeast strike extensions of the unconformity between the Martin Group and the Tazin Group. The Gulch mine and about a dozen uranium showings occur on the project lands.

A number of reserve estimates have been published for the Gulch deposit, none of which follow the prescribed terminology of NI 43-101. The most recent, a 1975 estimate by Gulch Mines Inc., reported "drill-indicated reserves" of 201,000 tons grading 0.09% U<sub>3</sub>O<sub>8</sub> (0.05% cut-off) and "possible reserves" of 315,000 tons at a similar grade (Source: Mineral Bulletin MR213, June 1986, Energy, Mines and Resources, Canada). The

Company believes the estimate to be relevant information but has not completed work necessary to verify its reliability. As a historical estimate it should not be relied upon.

The Company has an unencumbered 100% interest in these properties. The timing of exploration programs has yet to be determined.

To July 31, 2005, the Company had incurred net acquisition costs of \$29,200 and exploration costs of \$1,400 in respect of these claims.

**(l) Rocky Brook**

On December 14, 2004, the Company announced that it had entered into an Agreement with Altius Minerals Corporation to option the Rocky Brook uranium property, located in western Newfoundland.

JNR can earn an undivided 70% participating interest over 4 years by spending \$2,525,000 on exploration, including a minimum first year commitment of \$275,000. To exercise the Option, JNR will, subject to regulatory approval, make an initial payment of 125,000 shares and may make optional cash/share payments totalling \$172,000.

Should Altius' participating interest in the property fall below 10%, its interest will convert to a 3% gross value of product produced royalty (GVR) except for areas of the property that are subject to an underlying 2% net smelter return royalty (NSR), in which case Altius' royalty will be a 1% GVR. Altius retains the right to purchase up to half of the underlying 2% NSR for its account.

On February 17, 2005 the Company announced that having received regulatory approval, it issued 125,000 shares to Altius towards the Company's acquisition of a 70 % interest in the Rocky Brook property. In May 2005, the Company issued Altius a further 50,000 shares in lieu of a required cash payment of \$42,000.

On August 17, 2005 the Company and Altius announced that a diamond drilling program was underway on the Rocky Brook uranium property. Approximately 100 short holes are planned in search of the source of high-grade mineralized boulders found on the property.

To July 31, 2005 the Company had incurred net acquisition costs of \$208,250 and exploration costs of \$52,598 in respect of these claims.

**(m) Kelic Lake**

During the fourth quarter of 2004, the Company staked four mineral claims totalling 20,686 hectares along the south central margin of the Athabasca Basin.

These properties are subject to the terms of the Strategic Alliance between the Company and IUC.

On June 20, 2005, the Company and IUC announced that an exploration program would be carried out in the summer/fall; details of which are currently being finalized and will be released when they become available.

To July 31, 2005 the Company had incurred exploration costs of \$1,200 in respect of these claims.

**(n) South Dufferin**

During the fourth quarter of 2004, the Company staked six mineral claims totalling 27,330 hectares along the south central margin of the Athabasca Basin. These claims cover the Virgin River shear, a major mineralized structural zone.

These properties are subject to the terms of the Strategic Alliance between the Company and IUC.

On June 20, 2005, the Company and IUC announced that an exploration program would be carried out in the summer/fall; details of which are currently being finalized and will be released when they become available.

**(o) North Wedge**

During the first quarter of 2004, the Company staked one mineral claim totalling 4247 hectares, southeast of the Cigar Lake uranium deposit.

This property is subject to the terms of the Strategic Alliance between the Company and IUC.

On June 20, 2005, the Company and IUC announced that an exploration program would be carried out in the summer/fall; details of which are currently being finalized and will be released when they become available.

**(p) Newnham Lake**

During the second quarter of 2005, the Company received title to several mineral claims that it had staked in the Newnham Lake area, located along the northeast margin of the Athabasca Basin.

The Company has a 100% unencumbered interest in this project which consists of 8 mineral claims totaling 27,723 hectares. Plans are underway for an exploration program during the fall of 2005.

To July 31, 2005 the Company had incurred net acquisition costs of \$53,106 and exploration costs of \$80,975 in respect of these claims.

## Selected Annual Information

	Year ended Jan. 31/05	Year ended Jan. 31/04	Year ended Jan. 31/03
Total revenues	250,063	11,631	158,955
Net loss	1,033,038	1,792,260	216,843
Basic & diluted loss per share	(\$0.02)	(\$0.04)	(\$0.01)
Total assets	7,983,437	4,186,736	4,913,942
Total long-term liabilities	0	0	0
Cash dividends	0	0	0

Revenue for the years ended January 31, 2005, 2004 and 2003 was the result of rental charged for camp and exploration equipment, project management services for exploration and interest income. 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 net loss at January 31, 2005 is largely due to stock compensation expense of \$626,600, deferred exploration costs written off of \$272,793 and mineral property costs for abandoned or lapsed claims of \$5,288. 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 transactions that occurred during the period ended July 31, 2005:

The Company received \$99,000 in exchange for 275,000 warrants exercised at a price of \$0.36 during this quarter.

The Company currently has \$2,000,000 invested in a Guaranteed Investment Certificate with an interest rate of 2.4% which matures on October 17, 2005. An additional GIC was purchased for \$1,500,000 with an interest rate of 2.4% and it matures on November 22, 2005.

## 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.

	July 31/05	Apr. 30/05	Jan. 31/05	Oct. 31/04
Total assets	8,572,148	8,523,978	7,983,437	7,632,626
Mineral properties & deferred costs	4,130,329	3,978,940	3,682,116	3,746,129
Working capital (deficiency)	4,239,536	4,352,760	4,201,665	3,798,180
Shareholders' equity	8,473,555	8,417,525	7,929,286	7,582,664
Revenues	164,472	250,358	155,439	92,470
Net loss (Profit)	42,970	(101,541)	511,714	(3,276)
Loss (earnings) per share	\$0.00	\$0.00	\$0.01	\$0.00

	July 31/04	Apr. 30/04	Jan. 31/04	Oct. 31/03
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

The net loss of \$42,970 for the quarter ended July 31, 2005 is mainly due to the following: revenues were \$164,472 for rental for camp and equipment, project management, sale of options, and interest income, while administrative expenses were \$207,442. Expenses included \$61,590 for wages, \$26,960 for travel, \$27,746 for recoverable field expenses, \$15,000 for management fees, \$11,921 for general meeting costs, and \$13,207 for office rent and expenses. The net profit of \$101,540 for the quarter ended April 30, 2005 is mainly due to revenues of \$250,358 for rental for camp and equipment, project management, administrative overhead and interest income, and administrative expenses of only \$148,818. The net loss of 511,714 at January 31, 2005 was due mainly to revenues of \$155,439 for rental for camp and equipment, project management, administrative overhead and interest income, and expenses such as \$5,288 for mineral properties abandoned, the write off of \$272,793 for deferred exploration costs associated with those properties, and stock compensation amounting to \$207,500. 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 profit of \$3,276 at October 31, 2004 is a substantial change from the net loss of \$492,006 for the quarter ended July 31, 2004. During the quarter ended July 31, 2004 stock compensation was expensed on the 1,000,000 options granted to directors and employees during the quarter and administrative expenses were up due to the ongoing exploration program which commenced in January, 2004. The Company had revenues of \$92,470 for the quarter ending October 31, 2004 as a result of rental for camp and equipment and interest income (\$2,154 for July 31, 2004). Revenues for the quarters ended April 30, 2005, January 31, 2005 and October 31, 2004 were also higher than other quarters. The revenue declared in these quarters can be mainly attributed to administration and recovery of expenses for managing extensive exploration and drilling programs on behalf of the project operator.

## Liquidity and Capital Resources

	July 31, 2005	Jan. 31, 2005
Current Assets	4,338,129	4,220,613
Current Liabilities	98,593	54,152
Working Capital	4,239,536	4,166,461

The Company currently holds \$3,500,000 in Guaranteed Investment Certificates which mature in October and November of 2005. At that time we will determine, based on projected exploration expenditures, what amount to reinvest.

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 with work planned on those that require it.

### Related Party Transactions

During the quarter ended July 31, 2005 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 \$35,700.

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 \$2,343
- b) Office services of \$292

The Company also entered into the following transaction with a director and Rock Sense Geological:

- a) Promotion of \$5,885

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 an unlimited number of 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.

At July 31, 2005 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, 2005	67,001,827	16,116,182
Exercise of options	125,000	36,250
Exercise of warrants	670,000	241,200
Altius Minerals	175,000	208,250
<u>Balance at July 31, 2005</u>	<u>67,971,827</u>	<u>16,601,882</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**

On August 23, 2005 the Company announced that it had been provided notice by IUC that they wish to exercise the balance of their option to earn a 75% interest in the Moore Lake Property by subscribing for 173,913 units of the Company at a price of \$1.15 per unit. Each unit will consist of one common share and one share purchase warrant entitling IUC to purchase one additional common share of the Company at a price of \$1.16 for a period of two years. Having been approved by the TSX Venture exchange, this private placement was closed on September 12, 2005.

In September, 2005 an additional 55,000 warrants were exercised at a price of \$0.36.

### **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