

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

**JNR RESOURCES INC.**

**Interim Financial Statements**

(Prepared by Management)

**for the nine months ended October 31, 2005**

**NOTICE TO SHAREHOLDERS  
FOR THE NINE MONTHS ENDED OCTOBER 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 nine months ended October 31, 2005.

**JNR RESOURCES INC.**

**BALANCE SHEET AS AT OCTOBER 31, 2005**

	<u>October 31, 2005</u>	<u>January 31, 2005</u>
<b>ASSETS</b>		
<b>Current</b>		
Cash and equivalents	\$ 679,024	\$ 921,518
Term certificate (Note 4)	3,500,000	3,000,000
Accounts receivable	202,392	285,328
Marketable securities	11,000	9,000
Prepaid expense	<u>5,910</u>	<u>4,767</u>
	4,398,326	4,220,613
<b>Capital assets (Note 3)</b>	104,673	80,709
<b>Deferred exploration costs (Note 3 &amp; 5)</b>	4,047,793	3,480,809
<b>Mineral properties and rights (Note 3 &amp; 5)</b>	<u>469,096</u>	<u>201,306</u>
	<u>\$ 9,019,888</u>	<u>\$ 7,983,437</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 194,943	\$ 43,948
Due to a director	<u>0</u>	<u>10,204</u>
	194,943	54,152
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 7 & 8)	16,938,682	16,116,182
Contributed surplus	1,477,150	695,900
Deficit	<u>(9,590,887)</u>	<u>(8,882,797)</u>
	8,824,945	7,929,285
	<u>\$ 9,019,888</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 NINE MONTHS ENDED OCTOBER 31, 2005**

	<b>Year-to-Date 2005</b>	<b>Year-to-Date 2004</b>	<b>3rd Quarter 2005</b>	<b>3rd Quarter 2004</b>
<b>Administration costs</b>				
Amortization	\$ 17,552	\$ 4,028	\$ 6,333	\$ 1,994
Bank and loan interest	15,991	560	282	72
Consulting	11,595	14,312	4,000	5,612
Dues and memberships	0	13,544	0	10,002
Equipment lease	5,544	2,587	1,848	1,774
Filing fees	10,575	6,632	3,213	1,612
General meeting	11,921	5,751	0	0
Insurance	4,545	3,400	0	3,400
Management fees	45,000	45,000	15,000	15,000
Office expense	13,512	6,416	2,085	1,698
Premises rent	17,177	8,784	6,540	5,441
Professional fees	14,040	33,273	4,194	8,976
Recoverable field expenses	102,351	22,120	36,628	22,120
Shareholder communication	4,728	2,925	500	769
Stock compensation	781,250	419,100	781,250	0
Telecommunications	6,073	3,932	1,816	1,306
Transfer agent	7,191	8,526	1,843	3,543
Travel and accommodation	73,265	12,929	30,451	3,752
Wages and benefits	<u>205,008</u>	<u>2,123</u>	<u>95,076</u>	<u>2,123</u>
	<b>1,347,318</b>	<b>615,942</b>	<b>991,059</b>	<b>89,194</b>
Sale of options	1,148	0	0	
Recovery of expenses	241,900	68,300	129,625	68,300
Project management income	199,170	0	73,620	0
Administrative overhead	120,000	0	0	0
Interest income	<u>77,010</u>	<u>26,324</u>	<u>21,154</u>	<u>24,170</u>
	<b>639,228</b>	<b>94,624</b>	<b>224,399</b>	<b>92,470</b>
<b>Operating loss (profit) for the period</b>	<b>708,090</b>	<b>521,318</b>	<b>766,660</b>	<b>(3,276)</b>
<b>Net loss (profit) for the period</b>	<b>708,090</b>	<b>521,318</b>	<b>766,660</b>	<b>(3,276)</b>
<b>Deficit, beginning of the period</b>	<b>8,882,797</b>	<b>7,849,759</b>	<b>8,824,227</b>	<b>8,374,353</b>
<b>Deficit, end of period</b>	<b>9,590,887</b>	<b>8,371,077</b>	<b>9,590,887</b>	<b>8,371,077</b>
<b>Basic loss (gain) per share</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ (0.00)</b>

Prepared without audit

**JNR RESOURCES INC.**

**STATEMENT OF CASH FLOWS**

**FOR THE QUARTER ENDED OCTOBER 31, 2005**

	<b>Year-to-Date <u>2005</u></b>	<b>Year-to-Date <u>2004</u></b>	<b>3rd Quarter <u>2005</u></b>	<b>3rd Quarter <u>2004</u></b>
<b>Cash flows from (used in) operating activities</b>				
Net income (loss) for the period	\$ (708,090)	\$ (521,318)	\$ (766,660)	\$ 3,276
Items not involving cash				
Stock based compensation expense	781,250	419,100	781,250	0
Sale of options	(1,148)	0	0	0
Amortization	<u>17,552</u>	<u>4,028</u>	<u>6,333</u>	<u>1,994</u>
	89,564	(98,190)	20,923	5,270
Cash provided by (invested in) non-cash working capital				
Decrease (increase) in term certificate	(500,000)	(3,000,000)	0	(1,000,000)
Decrease (increase) in marketable securities	0	(2,500)	0	0
Decrease (increase) in accounts receivable	82,937	(16,815)	(61,174)	660
Decrease (increase) in prepaids	(1,144)	(15,776)	1,612	(8,384)
Increase (decrease) in accounts payable and accrued liabilities	150,996	5,890	96,350	3,737
Increase (decrease) in taxes payable	0	(73,373)	0	(19,998)
Increase (decrease) in due to director	<u>(10,204)</u>	<u>(5,945)</u>	<u>0</u>	<u>5,000</u>
	<b><u>(187,851)</u></b>	<b><u>(3,206,709)</u></b>	<b><u>57,711</u></b>	<b><u>(1,013,715)</u></b>
<b>Cash flows from (used in) financing activities</b>				
Issuance of share capital	<u>614,250</u>	<u>3,621,536</u>	<u>336,800</u>	<u>469,565</u>
	<b><u>614,250</u></b>	<b><u>3,621,536</u></b>	<b><u>336,800</u></b>	<b><u>469,565</u></b>
<b>Cash flows from (used in) investing activities</b>				
Mineral properties and rights	(60,387)	(108,733)	0	(27,251)
Deferred exploration expenses	(566,990)	(95,626)	(386,560)	(39,608)
Acquisition of capital assets	<u>(41,516)</u>	<u>(36,937)</u>	<u>(7,316)</u>	<u>(6,027)</u>
	<b><u>(668,893)</u></b>	<b><u>(241,296)</u></b>	<b><u>(393,876)</u></b>	<b><u>(72,886)</u></b>
<b>Increase (decrease) in cash and cash equivalents</b>	(242,494)	173,531	635	(617,036)
Cash and cash equivalents, beginning of period	921,518	633,019	678,389	1,423,586
Cash and cash equivalents, end of period	<b><u>\$ 679,024</u></b>	<b><u>\$ 806,550</u></b>	<b><u>\$ 679,024</u></b>	<b><u>\$ 806,550</u></b>
<b>Supplementary Information</b>				
Shares issued for acquisition of property	<b><u>\$ 208,250</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>

**Prepared without audit**

**JNR RESOURCES INC.****SCHEDULE OF DEFERRED EXPLORATION COSTS****FOR THE PERIOD ENDED OCTOBER 31, 2005**

Property/ Project	Balance January 31, 2005	Geophysical Surveys	Drilling	Geologists Analyses & Report Preparation	Travel Camps & Accommodation	Total Costs	Cost Recovery	Cost Written Off	Balance October 31, 2005
Bell Lake	\$300			1,200		1,200			\$1,500
Black Lake	219,830	9,293		7,312	2,144	18,749			238,579
Crackingstone	600			800		800			1,400
Kelic Lake	600			1,500		1,500			2,100
La Rocque Lake	0			1,200		1,200			1,200
Lazy Edward Bay	775,325			5,400		5,400			780,725
Moore Lake	2,414,945			83,641	1,632	85,273			2,500,218
Newnham Lake	32,080			51,184		51,184			83,264
North Athabasca	27,279			0		0			27,279
North Wedge	0			900		900			900
Pendleton	5,500			1,500		1,500			7,000
Rocky Brook	3,150			396,678		396,678			399,828
South Cigar	300			600		600			900
South Dufferin	0			900		900			900
Way Lake	900			1,100		1,100			2,000
	<b>\$3,480,809</b>	<b>9,293</b>		<b>553,915</b>	<b>3,776</b>	<b>566,984</b>			<b>\$4,047,793</b>

Prepared without audit

# **JNR RESOURCES INC.**

## **Notes to Financial Statements October 31, 2005**

### **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 interests. 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.

# JNR RESOURCES INC.

## Notes to Financial Statements

October 31, 2005

### 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%

It is the Company's policy to record amortization at one-half the annual rate in the year of acquisition.

#### 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.

# JNR RESOURCES INC.

## Notes to Financial Statements

October 31, 2005

### 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. \$2,000,000 matures January 16, 2006 earning interest at 2.4% and \$1,500,000 matures November 22, 2006 earning interest at 3%.

### 5. Mineral Properties and Rights

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

Property	Property Costs	Deferred Exploration Costs	Total October 31 2005	Total January 31 2005
North Athabasca Project	\$ 529	27,279	27,808	\$ 27,808
Newnham Lake Project	53,106	83,264	136,370	32,609
Greywacke Project				852
Moore Lake Project	72,684	2,500,218	2,572,902	2,487,629
Lazy Edward Bay Project	27,256	780,725	807,981	802,581
Bell Lake Project		1,500	1,500	300
Black Lake Project	61,550	238,579	300,129	273,865
South Cigar Project		900	900	300
Pendleton Lake Project		7,000	7,000	5,500
Way Lake Project	16,222	2,000	18,222	17,122
Crackingstone Project	29,199	1,400	30,599	29,799
Kelic Lake Project		2,100	2,100	600
South Dufferin Project	300	900	1,200	
North Wedge Project		900	900	
La Rocque Lake		1,200	1,200	
Rocky Brook Project	208,250	399,828	608,078	3,150
	<u>\$ 469,096</u>	<u>4,047,793</u>	<u>4,516,889</u>	<u>\$ 3,682,115</u>

# **JNR RESOURCES INC.**

## **Notes to Financial Statements**

**October 31, 2005**

### **5. Mineral Properties and Rights – Continued**

#### **A. North Athabasca Project**

A 50% interest in claim CBS 8175, consisting of 574 ha. north of the Pine Channel of Lake Athabasca, Saskatchewan.

#### **B. Newnham Lake Project**

During 2005 the company acquired by staking eight mineral claims totalling 27,723 ha. in the Newnham Lake area of the Athabasca Basin in Northern Saskatchewan.

#### **C. 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.

#### **D. Moore Lake Project**

Since 1997 the Company has acquired several claims by staking of which it now retains a total of 11 claims totalling 35,713 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 October 1, 2003 allowing for a buydown of the 2.5% net smelter return royalty to 1.25% by payment of \$1,000,000 to Kennecott.

On December 15, 2003, the Company and International Uranium Corporation (IUC) signed an Option 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.

# **JNR RESOURCES INC.**

## **Notes to Financial Statements**

**October 31, 2005**

### **5. Mineral Properties and Rights – Continued**

#### **E. Lazy Edward Bay Project**

Since 1997 the Company has acquired several claims by staking of which it now retains a total of 12 claims totalling 48,310 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 October 1, 2003 allowing for a buydown of the 2.5% net smelter return royalty to 1.25% by payment of \$1,000,000 to Kennecott.

On December 15, 2003, the Company and International Uranium Corporation (IUC), signed an Option 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.

#### **F. 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 subject to the terms of an Alliance Agreement between the Company and International Uranium Corporation (IUC), whereby IUC pays staking and recording costs and must expend the initial \$500,000 on exploration of the properties to earn a 75% interest.

#### **G. Black Lake**

During 2004 the Company acquired by staking 10 claims totalling 41,783 ha. in an area of the Athabasca Basin of Northern Saskatchewan.

#### **H. South Cigar**

During 2004 the Company acquired by staking 5 mineral claims totalling 17,653 ha in the South Cigar area of Northern Saskatchewan. These properties are subject to the terms of an Alliance Agreement between the Company and International Uranium Corp (IUC), whereby IUC pays staking and recording costs and must expend the initial \$500,000 on exploration of the properties to earn a 75% interest.

# **JNR RESOURCES INC.**

## **Notes to Financial Statements**

**October 31, 2005**

### **5. Mineral Properties and Rights – Continued**

#### **I. Pendleton Lake**

During 2004 the Company acquired by staking 3 mineral claims totalling 12,319 ha. in the Pendleton Lake area of Northern Saskatchewan. These properties are subject to the terms of an Alliance Agreement between the Company and International Uranium Corporation (IUC), whereby IUC pays staking and recording costs and must expend the initial \$500,000 on exploration of the properties to earn a 75% interest.

#### **J. Way Lake**

During 2004 the Company acquired by staking 3 mineral claims totalling 14,073 ha. in the Way Lake area, south east of the Athabasca Basin of northern Saskatchewan.

The Company has an unencumbered 100% interest in these properties.

#### **K. Crackingstone**

During 2004 the Company acquired by staking 4 mineral claims totalling 10,665 ha. in the Uranium City area. The claims cover the Crackingstone Peninsula of northern Saskatchewan.

The Company has an unencumbered 100% interest in these properties.

#### **L. Kelic Lake**

During 2004 the Company acquired by staking 4 mineral claims totalling 20,686 ha. along the south central area of the Athabasca Basin in Northern Saskatchewan. These properties are subject to the terms of an Alliance Agreement between the Company and International Uranium Corporation (IUC), whereby IUC pays staking and recording costs and must expend the initial \$500,000 on exploration of the properties to earn a 75% interest.

#### **M. South Dufferin**

During 2004 the Company acquired by staking 6 mineral claims totalling 27,330 ha. along the south central area of the Athabasca Basin in Northern Saskatchewan. These properties are subject to the terms of an Alliance Agreement between the Company and International Uranium Corporation (IUC), whereby IUC pays staking and recording costs and must expend the initial \$500,000 on exploration of the properties to earn a 75% interest.

#### **N. North Wedge**

During 2004 the Company acquired by staking a mineral claim totalling 4,247 ha. in the North Wedge Lake area of Northern Saskatchewan. These properties are subject to the terms of an Alliance Agreement between the Company and International Uranium Corporation (IUC), whereby IUC pays staking and recording costs and must expend the initial \$500,000 on exploration of the properties to earn a 75% interest.

# JNR RESOURCES INC.

## Notes to Financial Statements

October 31, 2005

### 5. Mineral Properties and Rights – Continued

#### O. La Rocque Lake

During 2004 the company acquired by staking one mineral claim totalling 2,908 ha. in the La Rocque Lake area, of the Athabasca Basin in Northern Saskatchewan.

#### P. Rocky Brook

On December 9, 2004, the Company and Altius Minerals Corporation (Altius), signed an Option Agreement, whereby the Company can earn an undivided 70% interest of the Rocky Brook uranium property consisting of 11,000 ha. located in Western Newfoundland. The Company can earn the 70% interest over 4 years by spending \$2,525,000 on exploration, including a minimum first year commitment of \$275,000 an initial payment of 125,000 shares upon TSXV approval and making cash or share payments totalling \$172,000 over 2 years.

### 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 \$5,171,947 can be carried forward indefinitely. The non-capital loss totalling \$780,081 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
2006	\$ 110,826
2007	143,729
2008	194,738
2009	
2010	67,651
2011	147,482
2012	116,555
Total	\$ 780,981

# JNR RESOURCES INC.

## Notes to Financial Statements October 31, 2005

### 7. 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 October 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, 2004	51,997,027	11,676,973
Private placement	2,544,000	636,000
Private placement	5,000,000	2,500,000
Exercise of options	2,160,000	470,932
Exercise of warrants	5,297,800	1,065,054
Share issue costs		(235,777)
<hr/>		
Balance January 31, 2005	67,001,827	16,116,182
Private placement	173,913	200,000
For property	175,000	208,250
Exercise of options	125,000	36,250
Exercise of warrants	1,050,000	378,000
<hr/>		
<u>Balance October 31, 2005</u>	<u>68,525,740</u>	<u>16,938,682</u>

# JNR RESOURCES INC.

## Notes to Financial Statements October 31, 2005

### 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 October 31, 2005 is as follows:

	<u>Number of shares</u>	<u>Weighted Average Exercise Price</u>
Outstanding January 31, 2005	1,600,000	0.58
Granted	1,250,000	0.82
Exercised	<u>(125,000)</u>	<u>0.29</u>
Outstanding, October 31, 2005	<u>2,725,000</u>	<u>0.71</u>

#### Options Granted

A total of 1,250,000 options were granted during the reporting period to directors, officers, employees and consultants.

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 \$0.625 per option. The Company has recorded \$781,250 in stock based compensation expense on 1,250,000 stock options during the quarter.

A summary of the status of the Company incentive stock option plan as at October 31, 2005 is as follows:

<u>Number of shares Under Option</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
225,000	0.29	January 12, 2009
1,000,000	0.55	July 22, 2009
250,000	1.09	January 11, 2010
<u>1,250,000</u>	<u>0.82</u>	<u>August 1, 2010</u>
<u>2,725,000</u>		

# JNR RESOURCES INC.

## Notes to Financial Statements October 31, 2005

### 8. Share Capital Options and Warrants – continued

#### 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>
2,800,000	0.15	January 5, 2006
705,000	0.36	January 22, 2006
173,913	1.16	January 5, 2007

### 9. Related Party Transactions

During the nine month period ended October 31, 2005 the Company incurred charges from directors or companies sharing common directors as follows:

	<u>Period ended October 31 2005</u>	<u>Year ended January 31 2005</u>
Office services	\$ 7,096	\$ 4,531
Exploration expenditures	108,900	115,600
Management fee	45,000	60,000
Travel	4,231	12,339
Recoverable expenses	<u>          </u>	<u>1,656</u>
	<u>\$ 165,227</u>	<u>\$ 194,126</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 Events

Subsequent to October 31, 2005, 530,000 warrants were exercised for proceeds of \$190,800.

Subsequent to the quarter ended October 31, 2005, the company announced that it has entered into an agreement with IUC to combine a number of claims in the Bell Lake area of the Athabasca Basin into a newly constituted Joint Venture. The 'Bell Lake' project includes all of IUC's Ward Creek claims and JNR's Bell Lake and La Rocque Lake claims. The JNR claims were under option to IUC. JNR will hold a 40% interest in the new project and will retain a 2% NSR on the Bell Lake and La Rocque Lake claims. IUC will hold a 60% interest in the project. The Ward Creek claims are also subject to a 2% NSR, payable to a third party.

# **JNR RESOURCES INC.**

## **Notes to Financial Statements**

**October 31, 2005**

### **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.

### **12. Non-cash Financing Activities**

During the period ended October 31, 2005, 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 \$2,000.

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

The following discussion and analysis of the financial condition and results of operations for JNR Resources Inc. has been prepared as of December 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 \$4,203,383 at October 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 October 31, 2005, the Company continued to focus its activities on uranium exploration. The Company was involved in exploration activities on five 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 59-hole, 22,100 metre diamond drilling program utilizing three drills, was completed during the quarter ending October 31, 2005.

This program successfully expanded the dimensions of the Main Maverick mineralized zone and confirmed its' high grade nature. Some of the better results from the recent drilling include 2.31%  $U_3O_8$  over 7.75 metres (incl. 6.73%  $U_3O_8$  over 2.25 m; which includes 12.4%  $U_3O_8$  over 1.0 m) in drill hole ML-97; 2%  $U_3O_8$  over 7.75 metres (incl. 4.54%  $U_3O_8$  & 3% nickel over 2.75 m) in ML-100; and 1.81%  $U_3O_8$  over 11.1 metres (incl. 5.64%  $U_3O_8$ , 7.1% nickel & 2.55% cobalt over 3.0 m) in ML-83.

The program also resulted in the discovery of two new zones of unconformity-style uranium mineralization ('527' and '525') along the same structural corridor that hosts the Maverick Main Zone, as well as significant geological and geochemical results including uranium mineralization, from first-pass drilling of targets on the Nutana and West Venice grids.

During the quarter ending October 31, 2005, a field program had been completed on the Pendleton Lake project, and airborne magnetic and EM surveys were initiated on the Lazy Edward Bay, Kelic Lake and South Dufferin projects.

During the quarter ending October 31, 2005, a diamond drilling program was initiated on the Company's Rocky Brook option in Newfoundland. The Company can earn a 70% interest in this uranium property from Altius Minerals Corporation.

Subsequent to the quarter ending October 31, 2005, the Company initiated an airborne magnetic and EM survey on its 100% owned Newnham Lake property, and line cutting and ground geophysical programs on its 100% owned Black Lake project.

## **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 October 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. (KCEI).

On December 6, 2002, the Company and KCEI 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 KCEI'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 KCEI's interest in all of their other Saskatchewan uranium properties. KCEI 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 KCEI.

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 line cutting 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 Company and IUC staked additional ground in the Moore Lake project area; thereby increasing their land position to 35,713 hectares (11 mineral claims).

On May 18 and June 23, 2004, the Company 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 line cutting and ground geophysical programs. The drilling program was completed in late October and consisted of 33 holes totalling 12,437 metres.

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%  $U_3O_8$  .

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 February 28, 2005, the Company served notice to KCEI that it has fulfilled its obligations, and has duly and completely exercised its option to acquire the 50% interest held by KCEI in and to the Moore Lake claims.

On May 26, 2005, the Company released the results from the regional exploration 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 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%  $U_3O_8$  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%  $U_3O_8$  over 8.0 meters, including 1.1%  $U_3O_8$  over 5.0 meters (ML-77).

During the second quarter of 2005, the Company and IUC announced that an extensive diamond drilling program 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.

During the third quarter of 2005, the Company and IUC completed that program. It consisted of 59 holes totalling 22,100 metres.

On August 18, 2005, the Company released the results from 16 diamond drill holes. The results 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%  $U_3O_8$  over 11.1 metres, including 5.64%  $U_3O_8$  over 3.0 metres, while ML-85 assayed 1.33%  $U_3O_8$  over 6.4 metres, including 8.5%  $U_3O_8$  over 0.9 metres. The 3.0 metre wide higher grade interval in ML-83 also returned 7.1% nickel & 2.55% cobalt.

During the third quarter of 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.

On November 9, 2005, the Company released the results from an additional 13 diamond drill holes. Two new zones of unconformity-style uranium mineralization ('527' and '525') were discovered along the same structural corridor that hosts the Maverick Main zone. ML-527 returned a grade equivalent of 0.41%  $U_3O_8$  over 6.6 metres, including a 1.0-metre interval of 1.1%  $eU_3O_8$ . This hole was collared 450 metres northeast of discovery hole ML-25 and the results compare well with those obtained in ML-03

(0.442%  $eU_3O_8$  over 9.2 metres), the first hole to intersect significant uranium mineralization on the Moore Lake project. ML-525 which was collared 1,400 metres to the northeast of the discovery hole returned an assay of 0.226%  $U_3O_8$  over 4.5 metres.

On November 29, 2005, the Company released the results from an additional 17 diamond drill holes. Of note were the results from two holes testing for a westward extension to the 'Main Zone'. ML-97 returned 2.31%  $U_3O_8$  over 7.75 metres, including a 2.25 metre intercept of 6.73%  $U_3O_8$ , which includes 12.4%  $U_3O_8$  over 1.0 metres. ML-90 returned 1.18%  $U_3O_8$  over 6.45 metres, including a 1.75 metre intercept of 3.07 %  $U_3O_8$ . Uranium mineralization was also intersected in holes drilled on the Nutana and Maverick Northeast grids.

On December 21, 2005, the Company released the results from the remaining 13 holes drilled this past summer. Of note were the results from two follow-up holes that tested the 'Main zone'. ML-100 intersected 2%  $U_3O_8$  over 7.75 metres, including 4.54%  $U_3O_8$  & 3% nickel over 2.75 metres, while ML-88 intersected 0.66%  $U_3O_8$  over 4.8 metres, including 1.58%  $U_3O_8$  over 1.5 metres. The Company and IUC also announced that a 2006 winter exploration program consisting of line cutting, ground geophysics and diamond drilling had been approved at a Joint Venture meeting on December 9<sup>th</sup>, with the drilling program scheduled to begin the first week of January.

To October 31, 2005, the Company had incurred net acquisition costs of \$72,684 and exploration costs of \$2,500,218 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. (KCEI).

On December 6, 2002, the Company and KCEI 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 KCEI's interest in the Lazy Edward Bay properties. KCEI 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 KCEI.

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.

During the third quarter of 2005, a 1500-line kilometre airborne EM and magnetic survey was flown over the south central portion of the project lands. The results are pending.

To October 31, 2005, the Company had incurred net acquisition costs of \$27,256 and exploration costs of \$780,725 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.

During the third quarter of 2005, a prospecting, boulder sampling and till/soil sampling program was completed. This work will be reported on along with the results of the 2004 summer program, by year's end.

To October 31, 2005, the Company had incurred exploration costs of \$7,000 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 zone.

On December 19, 2005, the Company and IUC announced the formation of a new Joint Venture project by combining a number of claims in the Bell Lake area. The newly constituted 'Bell Lake Joint Venture' includes these two claims as well as the Company's La Rocque Lake claim, all of which were under option to IUC; and all of IUC's Ward Creek claims. JNR will hold a 40% interest in the project and will retain a 2% NSR on the Bell Lake and La Rocque Lake claims. The Ward Creek claims are also subject to a 2% NSR, payable to a third party.

The Company and IUC also announced that a \$250,000 winter exploration program consisting of line cutting and ground geophysics will be initiated in the New Year, with a follow-up program to be decided upon once the results have been received and interpreted.

To October 31, 2005, the Company had incurred exploration costs of \$1,500 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 zone.

On December 19, 2005, the Company and IUC announced the formation of a new Joint Venture project by combining a number of claims in the La Rocque Lake area. The newly constituted 'Bell Lake Joint Venture' includes this claim and JNR's Bell Lake claims, both of which were under option to IUC; and all of IUC's Ward Creek claims. JNR will hold a 40% interest in the project and will retain a 2% NSR on the La Rocque and Bell Lake claims. The Ward Creek claims are also subject to a 2% NSR, payable to a third party.

The Company and IUC also announced that a \$250,000 winter exploration program consisting of line cutting and ground geophysics will be initiated in the New Year, with a follow-up program to be decided upon once the results have been received and interpreted.

To October 31, 2005, the Company had incurred exploration costs of \$1,200.

#### **(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 October 31, 2005, the Company had incurred exploration costs of \$900 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. 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.

During the fourth quarter of 2004, a 1400 line kilometre airborne magnetic and MEGATEM survey was flown over the property. The results were released on February 22, 2005.

This 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.

On December 13, 2005, the Company announced that the winter exploration program consisting of line cutting, ground geophysics and diamond drilling was underway. The program will consist of a minimum of 120 kilometres of line cutting and ground EM. A follow-up diamond drilling program will be scoped out once the results of the ground work have been received and interpreted.

To October 31, 2005, the Company had incurred net acquisition costs of \$61,550 and exploration costs of \$238,579 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 (made) 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.

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 October 31, 2005, the Company had incurred net acquisition costs of \$16,222 and exploration costs of \$2,000 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 October 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.

During the third quarter of 2005, a diamond drilling program was initiated 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. On November 24, 2005, the Company provided an update on this program.

Encouraging results were obtained from several of the 40 reconnaissance holes that tested the Wigwam Brook boulder field. Drilling returned anomalous radiometric intervals

(over 1000 cps – down hole radiometric probe) from holes that were collared to the northeast and southwest of the boulder field. Drilling north of the Birchy Hill Brook boulder field also returned encouraging results in that a previously identified till anomaly was extended a further 700 metres northward. The drilling program is expected to be completed by mid-December.

On December 1, 2005, the Company made an Option payment of \$20,000.

To October 31, 2005, the Company had incurred net acquisition costs of \$208,250 and exploration costs of \$399,828 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.

During the third quarter of 2005, an 850-line kilometre airborne EM and magnetic survey was underway. This work was completed in November. The results are pending.

To October 31, 2005, the Company had incurred exploration costs of \$2,100 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.

During the third quarter of 2005, a 1200-line kilometre airborne EM and magnetic survey was underway. This work was completed in November. The results are pending.

To October 31, 2005, the Company had incurred net acquisition costs of \$300 and deferred exploration expenses of \$900.

**(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.

To October 31, 2005, the Company had incurred deferred exploration expenses of \$900.

**(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.

On November 22, 2005, the Company announced that a 1550-line kilometer airborne EM and magnetic survey was being flown over the project lands. This work is ongoing. Follow-up geophysical and diamond drilling programs will in part be contingent upon the results of the airborne survey.

To October 31, 2005, the Company had incurred net acquisition costs of \$53,106 and exploration costs of \$83,264 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 a 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 October 31, 2005:

The Company currently has \$2,000,000 invested in a Guaranteed Investment Certificate with an interest rate of 2.4% which matures on January 16, 2006. An additional GIC was purchased for \$1,500,000 with an interest rate of 3.0% and it matures on November 22, 2006.

## 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.

	Oct. 31/05	July 31/05	Apr. 30/05	Jan. 31/05
Total assets	9,019,888	8,572,148	8,523,978	7,983,437
Mineral properties & deferred costs	4,516,889	4,130,329	3,978,940	3,682,116
Working capital (deficiency)	4,203,383	4,239,536	4,352,760	4,201,665
Shareholders' equity	8,824,945	8,473,555	8,417,525	7,929,286
Revenues	224,399	164,472	250,358	155,439
Net loss (Profit)	766,660	42,970	(101,541)	511,714
Loss (earnings) per share	\$0.01	\$0.00	\$0.00	\$0.01

  

	Oct. 31/04	July 31/04	Apr. 30/04	Jan. 31/04
Total assets	7,632,626	7,171,046	7,110,430	4,186,736
Mineral properties & deferred costs	3,746,129	3,679,271	3,607,015	3,541,771
Working capital (deficiency)	3,798,180	3,396,230	3,408,252	516,129
Shareholders' equity	7,582,664	7,109,823	7,022,829	4,063,346
Revenues	92,470	2,154	0	11,526
Net loss (Profit)	(3,276)	492,006	32,588	1,722,007
Loss (earnings) per share	\$0.00	\$0.01	\$0.00	\$0.03

The net loss of \$766,660 for the quarter ended October 31, 2005 is mainly attributed to a stock compensation expense recorded of \$781,250 (\$0 in 2004). Revenues for the

quarter were \$224,399 (\$92,470 in 2004), amortization expense was \$6,333 (\$1,994 in 2004), recoverable field expenses were \$36,628 (\$22,120 in 2004), travel was \$30,451 (\$3,752 in 2004), wages and benefits were \$95,076 (2,123 in 2004), dues and memberships were \$0 (\$10,002 in 2004), professional fees were \$4,194 (\$8,976 in 2004), and insurance was \$0 (\$3,400 in 2004).

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.

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

	October 31, 2005	Jan. 31, 2005
Current Assets	4,398,326	4,220,613
Current Liabilities	<u>194,943</u>	<u>54,152</u>
Working Capital	<u>4,203,383</u>	<u>4,166,461</u>

The Company currently holds \$3,500,000 in Guaranteed Investment Certificates. \$2,000,000 is invested at 2.4% and matures January 16, 2006 and \$1,500,000 is invested at 3.0% and matures on November 22, 2006. 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 nine month period ended October 31, 2005, the Company incurred charges from directors or companies sharing common directors as follows:

	Period ended <u>October 31 /05</u>	Year ended <u>January 31/05</u>
Office services	\$ 7,096	\$ 4,531
Exploration expenditures	108,900	115,600
Management fee	45,000	60,000
Travel	4,231	12,339
Recoverable expenses	<u>0</u>	<u>1,656</u>
	<u>\$ 165,227</u>	<u>\$ 194,126</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.

## 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 October 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
Private placement	173,913	200,000
Exercise of options	125,000	36,250
Exercise of warrants	1,050,000	378,000
Altius Minerals	175,000	208,250
<u>Balance at July 31, 2005</u>	<u>68,525,740</u>	<u>16,938,682</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 ending October 31, 2005, the Company announced that it has entered into an agreement with IUC to combine a number of claims in the Bell Lake area

of the Athabasca Basin into a newly constituted Joint Venture. The ‘Bell Lake’ project includes all of IUC’s Ward Creek claims and JNR’s Bell Lake and La Rocque Lake claims. The JNR claims were under option to IUC. JNR will hold a 40% interest in the new project and will retain a 2% NSR on the Bell Lake and La Rocque Lake claims. IUC will hold a 60% interest in the project. The Ward Creek claims are also subject to a 2% NSR, payable to a third party.

Subsequent to the quarter ending October 31, 2005, the Company received \$190,800 in exchange for 530,000 warrants exercised at a price of \$0.36.

Subsequent to the quarter ending October 31, 2005, the Company made an Option payment of \$20,000 towards its Rocky Brook Option.

### **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