

TWIGG & COMPANY
CHARTERED ACCOUNTANTS

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

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

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333 - 25th
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JNR RESOURCES INC.

Auditor's Report and Financial Statements

for the year ended January 31, 2006

TWIGG & COMPANY
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AUDITORS' REPORT

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

We have audited the balance sheet of JNR Resource Inc. as at January 31, 2006 and January 31, 2005 and the statements of operations and deficit and cash flows and the schedule of deferred exploration costs for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2006 and January 31, 2005 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Saskatoon, Saskatchewan
May 23, 2006

"Twigg & Company"

Chartered Accountants

JNR RESOURCES INC.

BALANCE SHEET AS AT JANUARY 31, 2006

	2006	2005
ASSETS		
Current		
Cash and equivalents	\$ 932,739	\$ 921,518
Term certificate (Note 4)	3,500,000	3,000,000
Accounts receivable	178,694	285,328
Marketable securities	2,350	9,000
Prepaid expense	4,887	4,767
	4,618,670	4,220,613
Equipment (Note 3)	107,369	80,709
Deferred exploration costs (Note 3 & 5)	4,570,428	3,480,809
Mineral properties and rights (Note 3 & 5)	506,793	201,306
	\$ 9,803,260	\$ 7,983,437
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 376,517	\$ 43,948
Due to a director	26,656	10,204
	403,173	54,152
SHAREHOLDERS' EQUITY		
Share capital (Note 7 & 8)	17,631,788	16,116,182
Contributed surplus	1,452,400	695,900
Deficit	(9,684,101)	(8,882,797)
	9,400,087	7,929,285
	\$ 9,803,260	\$ 7,983,437

See accompanying notes

Approved by the Board:

“Richard T Kusmirski”

Director

“Ron Hochstein”

JNR RESOURCES INC.
STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE YEAR ENDED JANUARY 31, 2006

	<u>2006</u>	<u>2005</u>
Administration costs		
Amortization	\$ 25,516	\$ 11,802
Automotive expense	10,335	
Bank interest	16,284	857
Consulting	21,895	46,362
Directors fees	2,000	
Dues and memberships	2,479	5,677
Equipment lease	7,392	
Filing fees	10,588	8,170
Insurance	4,546	3,400
Management fees	76,800	60,000
Office expense	18,109	16,150
Premises expense	24,802	13,866
Professional fees	26,722	50,241
Recoverable field expenses	153,402	48,840
Shareholder relations	86,128	30,213
Stock compensation	781,250	626,600
Telecommunications	8,653	7,242
Training	2,046	11,691
Transfer agent	10,490	12,902
Travel and accommodation	36,233	38,220
Wages and benefits	265,667	12,787
	<hr/> 1,591,337	<hr/> 1,005,020
Recovery of expenses	(97,845)	(82,950)
Project management income	(249,300)	(131,970)
Interest income	(98,770)	(35,143)
Administrative overhead	(120,000)	
Camp and equipment rental	(134,640)	
Mineralogical services	(59,760)	
Other income	(29,718)	
	<hr/> 801,304	<hr/> 754,957
Total costs	<hr/> 801,304	<hr/> 754,957
Operating loss for the year	<hr/> 801,304	<hr/> 754,957
Deferred exploration costs written off		272,793
Mineral property costs abandoned or lapsed		5,288
		<hr/> 1,033,038
Net loss for the year	<hr/> 801,304	<hr/> 1,033,038
Deficit, beginning of the year	<hr/> 8,882,797	<hr/> 7,849,759
Deficit, end of year	<hr/> \$ 9,684,101	<hr/> \$ 8,882,797
Basic loss per share (Note 3)	<hr/> \$ (0.01)	<hr/> \$ (0.02)

JNR RESOURCES INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JANUARY 31, 2006

	<u>2006</u>	<u>2005</u>
Cash flows from (used in) operating activities		
Net income (loss) for the year	\$ (801,304)	\$ (1,033,038)
Items not involving cash		
Stock based compensation expense	781,250	626,600
Amortization	25,516	11,802
Mineral property costs abandoned		278,081
	5,462	(116,555)
Cash provided by (invested in) non-cash working capital		
Decrease (increase) in marketable securities	6,650	(2,500)
Decrease (increase) in accounts receivable	106,634	(285,328)
Decrease (increase) in prepaids	(120)	(4,767)
Increase (decrease) in accounts payable and accrued liabilities	332,569	7,248
Increase (decrease) in taxes payable		(75,745)
Increase (decrease) in due to director	16,452	(741)
	467,647	(478,388)
Cash flows from (used in) financing activities		
Issuance of share capital for cash	1,315,856	4,272,377
Cash flows from (used in) investing activities		
Mineral properties and rights, for cash	(130,487)	(74,534)
Deferred exploration expenses	(1,089,619)	(343,891)
Acquisition of equipment	(52,176)	(87,065)
	(1,272,282)	(505,490)
Increase (decrease) in cash and cash equivalents	511,221	3,288,499
Cash and cash equivalents, beginning of year	3,921,518	633,019
Cash and cash equivalents, end of year	\$ 4,432,739	\$ 3,921,518
Supplementary Information		
Shares issued for property	\$ 175,000	

JNR RESOURCES INC.

Notes to Financial Statements January 31, 2006

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, Rights and Deferred Exploration Costs

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 January 31, 2006

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.

Equipment

The equipment is 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.

Notes to Financial Statements

January 31, 2006

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 Certificates at the Royal Bank earning interest at 2.4% and 2.75% and maturing on April 17, 2006 and November 22, 2006.

5. Mineral Properties, Rights and Deferred Exploration Costs

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

Property	Property Costs	Deferred Exploration Costs	Total 2006	Total 2005
Newnham Lake Project	\$ 53,106	282,699	335,805	\$ 32,609
North Athabasca Project	529	27,279	27,808	27,808
Greywacke Project				852
Moore Lake Project	72,684	2,514,617	2,587,301	2,487,629
Lazy Edward Bay Project	27,256	782,825	810,081	802,581
Bell Lake Project		3,600	3,600	300
Black Lake Project	54,035	370,186	424,221	273,865
South Cigar Project		1,500	1,500	300
Pendleton Lake Project		8,525	8,525	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		3,000	3,000	600
Rocky Brook Project	228,250	569,037	797,287	3,150
South Dufferin Project		2,100	2,100	
North Wedge Project		900	900	
South Fork Project	25,512	760	26,272	
	\$ 506,793	4,570,428	5,077,221	\$ 3,682,115

Notes to Financial Statements

January 31, 2006

5. Mineral Properties, Rights and Deferred Exploration Costs – Continued

A. Newnham Lake Project

The Company holds a 100% unencumbered interest in 8 mineral claims totalling 27,723 hectares, located along the northeast margin of the Athabasca Basin, Saskatchewan.

B. North Athabasca Project

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

In June 2005, Masuparia gave 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.

D. Moore Lake Project

Since 1997 the Company has acquired eleven claims totalling 35,713 ha. by staking in an area of the Athabasca Basin of Northern Saskatchewan known as the Moore Lake Project.

In December 2002, the Company and Kennecott Canada Exploration Inc. (KCEI) entered into a Reorganization Agreement, pursuant to which 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. KCEI retains a 2.5% net smelter return royalty that can be bought down by 1.25% by payment of \$1,000,000.

In December 2003, the Company granted to International Uranium Corporation (IUC) an option to 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 also had the option to 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. IUC fulfilled all of its obligations under the option by September of 2005, and now holds a 75% interest in the properties.

JNR RESOURCES INC.

Notes to Financial Statements January 31, 2006

5. Mineral Properties, Rights and Deferred Exploration Costs – Continued

E. Lazy Edward Bay Project

Since 1997 the Company has acquired by staking 12 claims totalling 48,310 ha. in an area of the Athabasca Basin of Northern Saskatchewan known as the Lazy Edward Bay Project.

In December 2002, the Company and KCEI entered into a Reorganization Agreement, in respect of the Lazy Edward Bay properties, whereby the Company acquired a 100% interest in the properties. KCEI retains a 2.5% net smelter return royalty that can be bought down by 1.25% by payment of \$1,000,000.

In December 2003, the Company granted to IUC an option to earn a 75% interest in the Lazy Edward Bay properties by incurring expenditures of \$500,000 on exploration over two years. In December of 2005, the Company extended the time period for the earn-in to three years.

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.

In December 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 the Company's original Bell Lake claims as well as the Company's La Rocque Lake claim, and all of IUC's Ward Creek claims. JNR holds 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.

G. Black Lake

During 2005 the Company acquired by staking 10 claims totalling 41,783 ha. in an area of the Athabasca Basin, approximately 20 kilometres southeast of the town of Stony Rapids, 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 by April 30, 2007 to earn a 75% interest.

I Pendleton Lake

During 2003, the Company acquired by staking 3 mineral claims totalling 12,319 ha. in the Pendleton Lake area of Northern Saskatchewan under the terms of a Strategic Alliance with IUC. In December 2005, these terms were amended such that IUC can earn a 75% interest in the properties by incurring expenditures of \$500,000 on exploration by April 30, 2007. If IUC fails to meet its obligations, it will not retain any interest in the properties.

JNR RESOURCES INC.

Notes to Financial Statements January 31, 2006

5. Mineral Properties, Rights and Deferred Exploration Costs – Continued

J. Way Lake

During 2005, the Company acquired by staking 3 mineral claims totalling 14,073 ha. in the Way Lake area, southeast of the Athabasca Basin of Northern Saskatchewan.

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

K. Crackingstone

During 2005, 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

In November 2004, the Company staked mineral claims along the south central margin of the Athabasca Basin, under the terms of a Strategic Alliance with IUC. In December 2005, these terms were amended such that IUC can earn a 51% interest in the properties by spending \$250,000 on exploration by April 30, 2006, and can earn a further 24% by spending an additional \$250,000 on exploration by April 30, 2007.

M. Rocky Brook

In December 2004, the Company 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 make an initial payment of 125,000 shares and may make optional cash or 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.

N. South Dufferin

In November 2004, the Company staked 6 mineral claims totalling 27,330 ha. along the south central margin of the Athabasca Basin, under the terms of a Strategic Alliance with IUC. In December 2005, these terms were amended such that IUC can earn a 51% interest in the properties by spending \$250,000 on exploration by April 30, 2006, and can earn a further 24% by spending an additional \$250,000 on exploration by April 30, 2007.

JNR RESOURCES INC.

Notes to Financial Statements January 31, 2006

5. Mineral Properties, Rights and Deferred Exploration Costs – Continued

O. North Wedge

In February 2004, the Company staked one mineral claim totalling 4,247 ha. southeast of the Cigar Lake uranium deposit under the terms of a Strategic Alliance with IUC. In December 2005, these terms were amended such that IUC can earn a 51% interest in the property by spending \$250,000 on exploration by April 30, 2007.

P. South Fork

The Company holds a 100% unencumbered interest in 25 mineral claims and one mineral permit totalling 50,176 hectares, located in Southwestern Saskatchewan.

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 \$6,561,760 can be carried forward indefinitely. The non-capital loss totalling \$693,436 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
2007	\$ 143,729
2008	194,738
2009	
2010	67,651
2011	147,482
2012	128,401
2013	11,435
Total	\$ 693,436

JNR RESOURCES INC.

Notes to Financial Statements January 31, 2006

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 January 31, 2006 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	61,000
Exercise of warrants	4,555,000	1,051,800
Share issue costs		(5,444)
<hr/>		
<u>Balance January 31, 2006</u>	<u>72,030,740</u>	<u>17,631,788</u>

JNR RESOURCES INC.

Notes to Financial Statements January 31, 2006

8. Share Capital Options and Warrants - Continued

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 January 31, 2006 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	(125,000)	0.29
	<hr/>	
Outstanding, January 31, 2006	<u>2,725,000</u>	<u>0.70</u>

Options Granted

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

June 20, 2005 1,250,000 at a price of \$0.82 per share exercisable for five years

The Company accounted for stock compensation expense of these options using the following assumptions: risk-free interest rate of 4.0%, dividend yield of 0%, volatility of 100%, and expected lives of 5 years. The fair value of these options is estimated at \$0.625 per option. The Company has recorded \$781,250 in stock based compensation expense on 1,250,000 stock options during the year.

A summary of the status of the Company incentive stock option plan as at January 31, 2006 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
1,250,000	0.82	June 19, 2010
	<hr/>	
<u>2,725,000</u>		

JNR RESOURCES INC.

Notes to Financial Statements January 31, 2006

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>
173,913	1.15	August 23, 2007

9. Related Party Transactions

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

	<u>2006</u>	<u>2005</u>
Director's fees	\$ 2,000	\$
Office services	871	4,531
Exploration expenditures	135,600	115,600
Management fee	76,800	60,000
Travel	7,504	12,339
Recoverable expenses		1,656
Shareholder relations	17,187	
Stock compensation	<u>781,250</u>	<u>626,600</u>
	<u>\$ 1,021,212</u>	<u>\$ 820,726</u>

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

10. Subsequent Event

Subsequent to January 31, 2006, 375,000 options were exercised for proceeds of \$280,500.

During April, 2006 the Company completed a brokered private placement of 4,000,000 flow-through common shares to raise \$6,000,000. A commission of 5% of the gross proceeds received from the placement will be paid to the agent.

During April, 2006 the Company issued 55,556 common shares at a value of \$70,000 as an option payment for the Rocky Brook Uranium Project.

JNR RESOURCES INC.

Notes to Financial Statements January 31, 2006

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 year, 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.

JNR Resources Inc.

SCHEDULE OF DEFERRED EXPLORATION COSTS

FOR THE YEAR ENDED JANUARY 31, 2006

Property/ Project	Balance January 31, 2005	Geophys -ical Surveys	Drilling	Geologists Analyses & Report Preparation	Travel Camps & Accomod -ation	Total Costs	Cost Recovery	Cost Written Off	Balance January 31, 2006
Newnham Lake	\$ 32,080	195,274		55,345		250,619			\$ 282,699
North Athabasca	27,279								27,279
Greywake									
Moore Lake	2,414,945			98,040	1,632	99,672			2,514,617
Lazy Edward Bay	775,325			7,500		7,500			782,825
Bell Lake	300			3,300		3,300			3,600
Black Lake	219,830	95,682		52,405	2,269	150,356			370,186
South Cigar	300			1,200		1,200			1,500
Pendleton	5,500			3,000	25	3,025			8,525
Way Lake	900			1,100		1,100			2,000
Crackingstone	600			800		800			1,400
Kelic Lake	600			2,400		2,400			3,000
Rocky Brook	3,150		550,259	15,628		565,887			569,037
South Dufferin				2,100		2,100			2,100
North Wedge				900		900			900
South Fork					760	760			760
	\$3,480,809	290,956	550,259	243,718	4,686	1,089,619			\$4,570,428

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
JNR RESOURCES INC.
YEAR ENDED JANUARY 31, 2006

The following discussion and analysis of the financial condition and results of operations for JNR Resources Inc. has been prepared as of May 25, 2006 to provide additional information to that already provided in the Audited annual financial statements for the year ended January 31, 2006 and related notes attached thereto.

The reader should also refer to the annual audited financial statements for the years ended January 31, 2005 and 2004, which are prepared in accordance with Canadian generally accepted accounting principles.

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

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

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

Overall Performance

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

The Company had net working capital of \$4,215,497 at January 31, 2006 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 two years 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 year ending January 31, 2006, the Company continued to focus its activities on uranium exploration. The Company was involved in exploration activities on seven 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 Basin. Drilling programs during the past year continued to intersect high grade uranium within the Maverick zone. Some of the better results include 2.31% U_3O_8 over 7.75 metres (incl. 6.73% U_3O_8 over 2.25 metres) in drill hole ML-97; 2.00% 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. At year end a 15,000 metre drilling program was underway and will test targets on as many as eleven separate grids.

The drilling programs 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. Also of note is that over 50% of the Maverick corridor which has a minimum strike length of 6.5 kilometres has yet to be drill tested.

At year end exploration was also underway on two of the company's 100% owned properties. An airborne EM & magnetic survey was being flown over the Newnham Lake project where historic work has identified a large number of surficial uranium geochemical anomalies in lake sediments, peats and soils. On the Black Lake project an extensive linecutting and ground EM program was underway ground defining targets identified by the 2004 airborne magnetic and MEGATEM survey.

Airborne EM and magnetic surveys were also completed on three projects under option to IUC; Lazy Edward Bay, South Dufferin and Kelic Lake, and the newly constituted Bell Lake project which is a 40%/60% Joint Venture with IUC.

A diamond drilling program was also carried out on the Company's Rocky Brook option in Newfoundland. The Company can earn a 70% interest in this uranium property from Altius Minerals Corporation. This program which called for the drilling of approximately 100 short holes (3000 metres) in search of the source of high-grade mineralized boulders found on the property by previous workers was completed prior to year end. Final results are still pending.

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 January 31, 2006, 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 retains a 2.5% net smelter return royalty that can be bought down by 1.25% by payment of \$1,000,000.

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 continued 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. This program was completed during the third quarter of 2005 and 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 that 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 metre. 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 9th, with the drilling program scheduled to begin the first week of January.

On February 1, 2006, the Company and IUC announced that this program was underway and will consist of approximately 15,000 metres of diamond drilling, testing targets on as many as eleven separate grids.

On March 29, 2006, the Company released the results from the first nine holes of the winter drilling program, which tested the '527' and '525' zones. Of note were the results from two holes that tested the '527' zone. ML-101 returned an assay of 1.53% U_3O_8 over 6.6 metres, including 2.22% U_3O_8 over 4.0 metres, ML-106 returned an assay of 0.402% U_3O_8 over 4.5 metres, including 1.06% U_3O_8 over 1.5 metres.

To January 31, 2006, the Company had incurred net acquisition costs of \$72,684 and exploration costs of \$2,514,617 in respect of the claims.

(c) 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. KCEI retains a 2.5% net smelter return royalty that can be bought down by 1.25% by payment of \$1,000,000.

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 December of 2005, the Company extended the time period for the earn-in to three years.

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 January 31, 2006, the Company had incurred net acquisition costs of \$27,256 and exploration costs of \$782,825 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 (amended in December 2005) between the Company and IUC; whereby IUC must pay staking and recording costs, and must expend the initial \$500,000 on exploration by April 30, 2007, to earn a 75% interest. If IUC fails to meet its obligations, it will not retain any interest in the properties.

During the first quarter of 2004, a 510 kilometre airborne GEOTEM survey was completed over the project lands. The results indicate the presence of two dominant northeast-southwest trending structurally controlled conductors that transect the project lands. The overall strength and continuity of these conductive responses indicate that they are most likely caused by the presence of Wollaston Group graphitic metasediments.

During the second quarter of 2004, the Company completed a reconnaissance-scale surficial geology mapping and sampling program over the property and followed this up with a prospecting, boulder sampling and till/soil sampling program during the third quarter of 2005. The results were inconclusive, in part because the scale of the programs was only of nominal extent.

To January 31, 2006, the Company had incurred exploration costs of \$8,525 in respect of these claims.

(e) Bell Lake

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 the Company's original Bell Lake 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 holds 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 new Bell Lake project consists of ten mineral claims totalling 30,767 hectares. These properties are proximal to Cameco's La Rocque Lake uranium zone.

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 January 31, 2006, the Company had incurred exploration costs of \$3,600 in respect of these claims.

(f) 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. Under the terms of a Strategic Alliance (amended in December 2005) between the Company and IUC; IUC can earn a 75% interest in these properties by paying staking and recording costs, and by incurring exploration expenditures of \$500,000 by April 30, 2007. If IUC fails to meet its obligations, it will not retain any interest in the properties.

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.

To January 31, 2006, the Company had incurred exploration costs of \$1,500 in respect of the claims.

(g) Black Lake

During the first quarter of 2004, the Company acquired by staking a 100% interest in just over 24,000 hectares of property in the Black Lake area. 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 a winter exploration program consisting of line cutting, ground geophysics and diamond drilling was underway. The planned 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. On February 16, 2006 the Company announced that the ground work has been expanded to include approximately 190 kilometres of linecutting and EM.

To January 31, 2006, the Company had incurred net acquisition costs of \$54,035 and exploration costs of \$370,186 in respect of these claims.

(h) Greywacke Claims

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

In June 2005, Masuparia gave 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.

(i) 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.

To January 31, 2006, the Company had incurred net acquisition costs of \$16,222 and exploration costs of \$2,000 in respect of these claims.

(j) 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 approximately 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% U₃O₈ (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.

To January 31, 2006, the Company had incurred net acquisition costs of \$29,199 and exploration costs of \$1,400 in respect of these claims.

(k) 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 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 it made the initial payment to Altius of 125,000 shares. 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 were 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 January 31, 2006, the Company had incurred net acquisition costs of \$228,250 and exploration costs of \$569,037 in respect of these claims.

(l) 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.

Under the terms of a Strategic Alliance (amended in December 2005) between the Company and IUC; IUC can earn a 51% interest in the properties by paying the staking

and recording costs, and by spending \$250,000 on exploration by April 30, 2006, and can earn a further 24% interest by spending an additional \$250,000 on exploration by April 30, 2007.

During the third quarter of 2005, a 850-line kilometre airborne EM and magnetic survey was completed. The results are pending.

To January 31, 2006, the Company had incurred exploration costs of \$3,000 in respect of these claims.

(m) 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.

Under the terms of a Strategic Alliance (amended in December 2005) between the Company and IUC; IUC can earn a 51% interest in the properties by paying the staking and recording costs, and by spending \$250,000 on exploration by April 30, 2006, and can earn a further 24 % interest by spending a further \$250,000 on exploration by April 30, 2007.

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

To January 31, 2006, the Company had incurred exploration expenses of \$2,100.

(n) North Wedge

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

Under the terms of a Strategic Alliance (amended in December 2005) between the Company and IUC; IUC can earn a 51% interest in the property by paying the staking and recording costs, and by spending \$250,000 on exploration by April 30, 2007.

On June 20, 2005, the Company and IUC announced that an exploration program would be carried out in the summer/fall. This program was postponed to the winter /summer of 2006.

To January 31, 2006, the Company had incurred exploration expenses of \$900.

(o) Newnham Lake

The Company has a 100% unencumbered interest in this project which consists of eight mineral claims totaling 27,723 hectares and is located along the northeast margin of the Athabasca Basin.

On November 22, 2005, the Company announced that a 1550-line kilometer airborne EM and magnetic survey was being flown over the project lands.

On February 14, 2006, the Company announced that this survey had been completed and successfully identified a number of conductive and structural trends, most notably a broad 15-kilometre long, east-northeast trending conductor associated with a metasedimentary assemblage within the central portion of the property. A 110-kilometre linecutting and ground EM survey, covering these features was underway.

To January 31, 2006, the Company had incurred net acquisition costs of \$53,106 and exploration costs of \$282,699 in respect of these claims.

(p) South Fork

The Company holds a 100% unencumbered interest in 25 mineral claims and one mineral permit totaling 50,176 hectares, located in southwestern Saskatchewan. These properties were acquired in January, 2006.

To January 31, 2006, the Company had incurred net acquisition costs of \$25,512 and exploration costs of \$760 in respect of these claims.

Selected Annual Information

	Year ended Jan. 31/06	Year ended Jan. 31/05	Year ended Jan. 31/04
Total revenues	790,033	250,063	11,631
Net loss	801,304	1,033,038	1,792,260
Basic & diluted loss per share	(\$0.01)	(\$0.02)	(\$0.04)
Total assets	9,803,260	7,983,437	4,186,736
Total long-term liabilities	0	0	0
Cash dividends	0	0	0

Revenue for the years ended January 31, 2006, 2005 and 2004 was the result of rental charged for camp and exploration equipment, project management services for exploration, mineralogical services, 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 has continued to decrease from 2004 to 2006 due to increased operations and the increased revenues associated with those operations.

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. This information should be read in conjunction with the Company's interim, unaudited financial statements and the accompanying Notes.

	Jan. 31/06	Oct. 31/05	July 31/05	Apr. 30/05
Total assets	9,803,260	9,019,888	8,572,148	8,523,978
Mineral properties & deferred costs	5,077,221	4,516,889	4,130,329	3,978,940
Working capital (deficiency)	4,215,497	4,203,383	4,239,536	4,352,760
Shareholders' equity	9,400,087	8,824,945	8,473,555	8,417,525
Revenues	150,804	224,399	164,472	250,358
Net loss (Profit)	93,215	766,660	42,970	(101,541)
Loss (earnings) per share	\$0.01	\$0.01	\$0.00	\$0.00

	Jan. 31/05	Oct. 31/04	July 31/04	Apr. 30/04
Total assets	7,983,437	7,632,626	7,171,046	7,110,430
Mineral properties & deferred costs	3,682,116	3,746,129	3,679,271	3,607,015
Working capital (deficiency)	4,201,665	3,798,180	3,396,230	3,408,252
Shareholders' equity	7,929,286	7,582,664	7,109,823	7,022,829
Revenues	155,439	92,470	2,154	0
Net loss (Profit)	511,714	(3,276)	492,006	32,588
Loss (earnings) per share	\$0.01	\$0.00	\$0.01	\$0.00

Results of Operations

The net loss of \$93,215 at January 31, 2006 is substantially lower than the net loss of \$511,714 reported January 31, 2005. The difference is attributed mainly to the following: loss on marketable securities was \$8,650 (\$0 in 2005), consulting expenses were \$10,300 (\$32,050 in 2005), directors fees expensed were \$2,000 (\$0 in 2005), management fees were \$31,800 (\$15,000 in 2005), recoverable field expenses were \$51,050 (\$23,722 in 2005), deferred exploration costs written off in 2006 were \$0 (\$272,793 in 2005) and mineral property costs abandoned or lapsed in 2006 were \$0 (\$5,288 in 2005).

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 of 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 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 October 31, 2004 through January 31, 2006 were higher than the quarters ended July 31, 2005 and April 30, 2004. The increase in revenues 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

	January 31, 2006	Jan. 31, 2005
Current Assets	4,618,670	4,220,613
Current Liabilities	<u>403,173</u>	<u>54,152</u>
Working Capital	<u>4,215,497</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 on April 17, 2006 and \$1,500,000 is invested at 2.75% 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 year ended January 31, 2006, the Company incurred charges from directors or companies sharing common directors as follows:

	<u>2006</u>	<u>2005</u>
Director's fees	\$ 2,000	\$ 0
Office services	871	4,531
Exploration expenditures	135,600	115,600
Management fee	76,800	60,000
Travel	7,504	12,339
Recoverable expenses	0	1,656
Shareholder relations	17,187	
Stock compensation	<u>781,250</u>	<u>626,600</u>
	<u>\$ 1,021,212</u>	<u>\$ 820,726</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, Options and Warrants

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 January 31, 2006, 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
For Property	175,000	208,250
Exercise of options	125,000	61,000
Exercise of warrants	4,555,000	1,051,800
Share issue costs		(5,444)
<u>Balance January 31, 2006</u>	<u>72,030,740</u>	<u>17,631,788</u>

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 January 31, 2006 is as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding January 31, 2005	1,600,000	0.58
Granted	1,250,000	0.82
Exercised	(125,000)	0.29
Outstanding, January 31, 2006	<u>2,725,000</u>	<u>0.70</u>

Options Granted

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

June 20, 2005 1,250,000 at a price of \$0.82 per share exercisable for five years

The Company accounted for stock compensation expense of these options using the following assumptions: risk-free interest rate of 4.0%, dividend yield of 0%, volatility of 100%, and expected lives of 5 years. The fair value of these options is estimated at \$0.625 per option. The Company has recorded \$781,250 in stock based compensation expense on 1,250,000 stock options during the year.

A summary of the status of the Company incentive stock option plan as at January 31, 2006 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>June 19, 2010</u>
<u>2,725,000</u>		

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>
173,913	1.15	August 23, 2007

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 year ended January 31, 2006, the Company received \$280,500 in exchange for 375,000 options exercised.

On April 26, 2006, the Company issued 55,556 common shares at a value of \$70,000 as an option payment for the Rocky Brook Uranium Project.

During April, 2006 the Company completed a brokered private placement of 4,000,000 flow-through common shares to raise \$6,000,000. A commission of 5% of the gross proceeds received from the placement will be paid to the agent.

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