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

JNR RESOURCES INC.

Interim Financial Statements

(Prepared by Management)

for the three months ended April 30, 2006

NOTICE TO SHAREHOLDERS
FOR THE THREE MONTHS ENDED APRIL 30, 2006
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, 2006 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 three months ended April 30, 2006.

JNR RESOURCES INC.

BALANCE SHEET AS AT APRIL 30, 2006

		April 30, 2006		January 31, 2006
ASSETS				
Current				
Cash and equivalents	$	7,903,544	$	932,739
Term certificate		1,500,000		3,500,000
Accounts receivable		256,281		178,694
Marketable securities		2,350		2,350
Prepaid expense		12,237		4,887
		9,674,412		4,618,670
Capital assets		111,876		107,369
Deferred exploration costs		4,872,205		4,570,428
Mineral properties and rights		576,438		506,793
	$	15,234,931	$	9,803,260
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	83,386	$	376,517
Due to a director		25,000		26,656
		108,386		403,173
SHAREHOLDERS' EQUITY				
Share capital		23,396,809		17,631,788
Contributed surplus		1,602,925		1,452,400
Deficit		(9,873,189)		(9,684,101)
		15,126,545		9,400,087
	$	15,234,931	$	9,803,260

Approved by the Board:

"Richard T Kusmirski"
Director

"Ron Hochstein"
Director

Prepared without audit

JNR RESOURCES INC.

STATEMENT OF OPERATIONS AND DEFICIT

FOR THE QUARTER ENDED APRIL 30, 2006

	April 30, 2006	April 30, 2005
Administration costs		
Amortization	$6,805	$5,161
Bank and loan interest	247	140
Consulting	4,900	2,000
Dues and memberships	359	0
Filing fees	2,450	1,613
Insurance	950	0
Management fees	24,000	15,000
Office expense	7,547	6,839
Premises rent	6,540	3,866
Professional fees	1,040	4,787
Property examinations	17,084	0
Recoverable field expenses	63,436	37,976
Shareholder communication & promotion	39,627	10,374
Stock compensation expense	150,525	0
Telecommunications	2,756	1,510
Transfer agent	2,656	2,349
Travel and accommodation	18,857	8,861
Wages and benefits	92,384	48,342
	442,163	**148,818**
Recovery of expenses	134,611	37,050
Project management income	92,600	60,180
Administrative overhead	0	120,000
Interest income	16,298	33,128
Mineralogical services	5010	0
Miscellaneous income	4,556	0
Total costs	**253,075**	**250,358**
Operating loss (profit) for the period	**(189,090)**	**(101,540)**
Net loss (profit) for the period	**(189,090)**	**(101,540)**
Deficit, beginning of the period	**9,684,101**	**8,882,797**
Deficit, end of period	**$ 9,873,189**	**$ 8,781,257**
Basic loss (gain) per share	**$ (0.00)**	**$ (0.00)**

Prepared without audit

JNR RESOURCES INC.

STATEMENT OF CASH FLOWS

FOR THE QUARTER ENDED APRIL 30, 2006

	April 30, 2006	April 30, 2005
Cash flows from (used in) operating activities		
Net income (loss) for the period	$ (189,090)	$ 101,540
Items not involving cash		
Stock based compensation expense	150,525	0
Amortization	6,805	5,161
	(31,760)	106,701
Cash provided by (invested in) non-cash working capital		
Decrease (increase) in term certificate	2,000,000	0
Decrease (increase) in marketable securities	0	0
Decrease (increase) in accounts receivable	(77,587)	74,320
Decrease (increase) in prepaids	(7,350)	(4,478)
Increase (decrease) in accounts payable and accrued liabilities	(294,785)	62,506
Increase (decrease) in due to director	0	(10,204)
	1,588,518	**228,845**
Cash flows from (used in) financing activities		
Issuance of share capital	5,765,022	178,450
	5,765,022	**178,450**
Cash flows from (used in) investing activities		
Mineral properties and rights	(69,645)	(34,000)
Deferred exploration expenses	(301,777)	(54,574)
Acquisition of capital assets	(11,313)	(10,277)
	(382,735)	**(98,851)**
Increase (decrease) in cash and cash equivalents	6,977,612	308,444
Cash and cash equivalents, beginning of period	932,739	921,518
Cash and cash equivalents, end of period	**$ 7,903,544**	**$ 1,229,962**

Prepared without audit

JNR Resources Inc.

SCHEDULE OF DEFERRED EXPLORATION COSTS

FOR THE QUARTER ENDED APRIL 30, 2006

Property/ Project	Balance January 31, 2006	Geophysical Surveys	Drilling	Geologists Analyses & Report Preparation	Travel Camps & Accomod-ation	Total Costs	Cost Recovery	Cost Written Off	Balance April 30, 2006
Bell Lake	3,600			300		300			3,900
Black Lake	370,186	198,145				198,145			568,331
Crackingstone	1,400								1,400
Kelic Lake	3,000			300		300			3,300
Lazy Edward Bay	782,825			300		300			783,125
Moore Lake	2,514,617			18,530		18,530			2,533,147
Newnham Lake	$282,699	139,844				139,844			$422,543
North Athabasca	27,279								27,279
North Wedge	900			600		600			1,500
Pendleton	8,525								8,525
Rocky Brook	569,037								511,895
South Cigar	1,500			600		600			2,100
South Dufferin	2,100			300		300			2,400
South Fork	760								760
Way Lake	2,000								2,000
	$3,480,809								$4,872,205

Prepared without audit

JNR RESOURCES INC.

Notes to Financial Statements
April 30, 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 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
April 30,2006

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.

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.

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.

<u>Basic and Diluted Loss Per Share</u>
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 variable rate Guaranteed Investment Certificate maturing on November 22, 2006, currently earning interest at 4%.

5. Mineral Properties and Rights

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 April 30, 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

5. Mineral Properties and Rights - continued

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% eU_3O_8 .

5. Mineral Properties and Rights - continued

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.

5. Mineral Properties and Rights - continued

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.

During the first quarter of 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. Ultimately, 38 holes comprising 14,548 metres were completed.

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

5. Mineral Properties and Rights - continued

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.

On June 15, 2006, the Company and IUC announced that a 17,500 metre summer diamond drilling program was underway. The Company also released the results from the remaining 29 holes. Very significant uranium and pathfinder element enrichment was obtained in holes drilled on the Avalon, Rarotonga and West Venice grids. This anomalous geochemistry was commonly associated with structurally disrupted and strongly altered basement graphitic pelites and in the West Venice holes the basal sandstone column as well. Also, ML-707 (Avalon) returned a 3.5 metre interval that assayed 0.1% U_3O_8 (including 0.446% U_3O_8 over 0.5 metres) from a graphitic fault zone some 75 metres below the unconformity.

To April 30, 2006, the Company had incurred net acquisition costs of $72,684 and exploration costs of $2,533,147 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 April 30, 2006, the Company had incurred net acquisition costs of $27,256 and exploration

5. Mineral Properties and Rights - continued

costs of $783,125 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 April 30, 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.

During the first quarter of 2006 IUC advised the Company that this work would be postponed until the summer/fall.

To April 30, 2006, the Company had incurred exploration costs of $3,900 in respect of these

5. **Mineral Properties and Rights -** continued

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 April 30, 2006, the Company had incurred exploration costs of $2,100 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.

On December 13, 2005, the Company announced that a winter exploration program 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

5. Mineral Properties and Rights - continued

the ground work have been received and interpreted.

During the first quarter of 2006, the Company announced that the ground work has been expanded to include approximately 190 kilometres of linecutting and EM.

To April 30, 2006, the Company had incurred net acquisition costs of $54,035 and exploration costs of $568,331 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 April 30, 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

5. Mineral Properties and Rights - continued

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% U_3O_8 (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 April 30, 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 common 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 common 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

5. Mineral Properties and Rights - continued

metres northward. The drilling program was completed in mid-December.

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

During the first quarter of 2006, the Company issued to Altius 55,556 common shares in lieu of a required cash payment of $70,000.

On June 14, 2006, the Company announced the final results from the 2005 fall diamond drilling program along with the work planned for 2006. The reconnaissance-scale 2005 program consisted of 78 holes, totalling 3,265 metres. It successfully identified areas of alteration and geochemical enrichment in drill core that are analogous to the mineralized boulders, as well as significant radiometric anomalies in till.

The 2006 program is budgeted at $650,000 and will consist of airborne geophysics and diamond drilling. The drilling program which is planned to begin in July will consist of approximately 90 to 100 short holes totalling 3000 metres. It will follow-up the encouraging results from the 2005 program and will focus on the anomalies associated with the Wigwam Brook and Birchy Hills boulder trains, as well as on the Goose boulder cluster. An 1100-line kilometre high resolution radiometric, magnetic and electromagnetic airborne survey is underway.

To April 30, 2006, the Company had incurred net acquisition costs of $298,250 and exploration costs of $511,895 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, an 850-line kilometre airborne EM and magnetic survey was completed. The results are pending.

To April 30, 2006, the Company had incurred exploration costs of $3,300 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

5. Mineral Properties and Rights - continued

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 April 30, 2006, the Company had incurred exploration expenses of $2,400.

(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 April 30, 2006, the Company had incurred exploration expenses of $1,500.

(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.

During the first quarter of 2006, the Company announced that the airborne 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 April 30, 2006, the Company had incurred net acquisition costs of $53,106 and exploration costs of $422,543in 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.

5. Mineral Properties and Rights - continued

To April 30, 2006, the Company had incurred net acquisition costs of $25,157 and exploration costs of $760 in respect of these claims.

6. 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 April 30, 2006, the Company's issued share capital was as follows:

	Number of Shares	$ Amount
Preferred Shares	3,000	$ 3,000
Common Shares		
Balance January 31, 2006	72,030,740	17,628,788
Private placement	4,000,000	6,000,000
For Property	55,556	70,000
Exercise of options	75,000	48,000
Exercise of warrants		
Share issue costs		(352,979)
Balance April 30, 2006	76,164,296	$23,396,809

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.

JNR RESOURCES INC.

Notes to Financial Statements
April 30, 2006

6. Share Capital, Options and Warrants - continued

A summary of the status of the Company incentive stock option plan as at April 30, 2006 is as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding January 31, 2006	2,725,000	0.70
Granted	250,000	0.79
Exercised	(75,000)	0.64
Outstanding, April 30 , 2006	2,900,000	0.71

Options Granted

On March 9, 2006, the Company's Board of Directors approved and granted 250,000 stock options to employees at a price of $0.79 per share exercisable for five years.

A summary of the status of the Company incentive stock option plan as at April 30, 2006 is as follows:

Number of Shares Under Option	Exercise Price	Expiry Date
225,000	0.29	January 12, 2009
950,000	0.55	July 22, 2009
250,000	1.09	January 11, 2010
1,225,000	0.82	June 19, 2010
250,000	0.79	March 8, 2011
2,900,000		

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:

Number of Warrants	Purchase Price	Expiry Date
173,913	1.15	August 23, 2007

JNR RESOURCES INC.

Notes to Financial Statements
April 30, 2006

7. Related Party Transactions

During the quarter ended April 30, 2006, the Company incurred charges from directors or companies sharing common directors as follows:

	2006
Consulting	$ 2,400
Exploration expenditures	30,000
Management fee	24,000
Office services	105
Property examinations	600
Shareholder relations	4,250
Travel	1,822
	$63,177

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.

8. Subsequent Events

Subsequent to the quarter ended April 30, 2006, the Company received $232,500 in exchange for 300,000 options exercised.

On May 2, 2006 the Company purchased a variable rate Guaranteed Investment Certificate for $5,000,000, currently invested at 4.0%, and maturing on April 28, 2007. This is an addition to the variable rate GIC for $1,500,000, currently invested at 4.0% and maturing on November 22, 2006 which was held at April 30, 2006.

9. 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.

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
JNR RESOURCES INC.
QUARTER ENDED APRIL 30, 2006

The following discussion and analysis of the financial condition and results of operations for JNR Resources Inc. has been prepared as of June 28, 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, 2006 and 2005, 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 $9,566,026 at April 30, 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 quarter ending April 30, 2006, the Company continued to focus its activities on uranium exploration. The Company was involved in exploration activities on three separate projects in the Athabasca Basin of Northern Saskatchewan and on one project in the Deer Lake Basin of western Newfoundland.

The Moore Lake Joint Venture with partner IUC continues to be one of the most exciting exploration projects in the Basin and the focal point of the Company's exploration efforts. A 38-hole, 14,548 metre diamond drilling program utilizing three drills, was completed during the first quarter of 2006.

This program successfully expanded the dimensions of the '527' zone, one of two new zones of unconformity-style uranium mineralization that occur along the same structural corridor that hosts the Maverick Main 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. This program also returned significant geological and geochemical results including uranium mineralization, from a number of holes testing targets on the Avalon, Rarotonga and West Venice grids.

During the quarter ending April 30, 2006, exploration was also underway on two of the company's 100% owned properties. A linecutting and ground geophysical program was completed on the Newnham Lake project where historic work identified a large number of surficial uranium geochemical anomalies in lake sediments, peats and soils. This was a follow-up to a recently completed airborne EM and magnetic survey that identified several conductive and structural trends. On the Black Lake project an extensive linecutting and ground EM program was completed, ground defining targets identified by the 2004 airborne magnetic and MEGATEM survey.

The interpretation of results from airborne EM and magnetic surveys completed during the fourth quarter of 2005 on three projects under option to IUC; Lazy Edward Bay, South Dufferin and Kelic Lake, is ongoing, as well as on the newly constituted Bell Lake project which is a 40%/60% Joint Venture with IUC.

Subsequent to the quarter ending April 30, 2006, the Company announced the results from its successful 2005 fall diamond drilling program on its Rocky Brook option in Newfoundland, along with the planned 2006 program, which is underway.

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 April 30, 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% eU_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.

During the first quarter of 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. Ultimately, 38 holes comprising 14,548 metres were completed.

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.

On June 15, 2006, the Company and IUC announced that a 17,500 metre summer diamond drilling program was underway. The Company also released the results from the remaining 29 holes. Very significant uranium and pathfinder element enrichment was obtained in holes drilled on the Avalon, Rarotonga and West Venice grids. This anomalous geochemistry was commonly associated with structurally disrupted and strongly altered basement graphitic pelites and in the West Venice holes the basal sandstone column as well. Also, ML-707 (Avalon) returned a 3.5 metre interval that assayed 0.1% U_3O_8 (including 0.446% U_3O_8 over 0.5 metres) from a graphitic fault zone some 75 metres below the unconformity.

To April 30, 2006, the Company had incurred net acquisition costs of $72,684 and exploration costs of $2,533,147 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 April 30, 2006, the Company had incurred net acquisition costs of $27,256 and exploration costs of $783,125 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 April 30, 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.

During the first quarter of 2006 IUC advised the Company that this work would be postponed until the summer/fall.

To April 30, 2006, the Company had incurred exploration costs of $3,900 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 April 30, 2006, the Company had incurred exploration costs of $2,100 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.

On December 13, 2005, the Company announced that a winter exploration program 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.

During the first quarter of 2006, the Company announced that the ground work has been expanded to include approximately 190 kilometres of linecutting and EM.

To April 30, 2006, the Company had incurred net acquisition costs of $54,035 and exploration costs of $568,331 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 April 30, 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% U_3O_8 (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 April 30, 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 common 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 common 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 was completed in mid-December.

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

During the first quarter of 2006, the Company issued to Altius 55,556 common shares in lieu of a required cash payment of $70,000.

On June 14, 2006, the Company announced the final results from the 2005 fall diamond drilling program along with the work planned for 2006. The reconnaissance-scale 2005 program consisted of 78 holes, totalling 3,265 metres. It successfully identified areas of alteration and geochemical enrichment in drill core that are analogous to the mineralized boulders, as well as significant radiometric anomalies in till.

The 2006 program is budgeted at $650,000 and will consist of airborne geophysics and diamond drilling. The drilling program which is planned to begin in July will consist of approximately 90 to 100 short holes totalling 3000 metres. It will follow-up the encouraging results from the 2005 program and will focus on the anomalies associated with the Wigwam Brook and Birchy Hills boulder trains, as well as on the Goose boulder cluster. An 1100-line kilometre high resolution radiometric, magnetic and electromagnetic airborne survey is underway.

To April 30, 2006, the Company had incurred net acquisition costs of $298,250 and exploration costs of $511,895 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, an 850-line kilometre airborne EM and magnetic survey was completed. The results are pending.

To April 30, 2006, the Company had incurred exploration costs of $3,300 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 April 30, 2006, the Company had incurred exploration expenses of $2,400.

(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 April 30, 2006, the Company had incurred exploration expenses of $1,500.

(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.

During the first quarter of 2006, the Company announced that the airborne 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 April 30, 2006, the Company had incurred net acquisition costs of $53,106 and exploration costs of $422,543in 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 April 30, 2006, the Company had incurred net acquisition costs of $25,157 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.

	Apr. 30/06	Jan. 31/06	Oct. 31/05	July 31/05
Total assets	15,234,931	9,803,260	9,019,888	8,572,148
Mineral properties & deferred costs	5,448,643	5,077,221	4,516,889	4,130,329
Working capital (deficiency)	9,566,026	4,215,497	4,203,383	4,239,536
Shareholders' equity	15,126,545	9,400,087	8,824,945	8,473,555
Revenues	253,075	150,804	224,399	164,472
Net loss (Profit)	189,090	93,215	766,660	42,970
Loss (earnings) per share	$0.00	$0.00	$0.01	$0.00

	Apr. 30/05	Jan. 31/05	Oct. 31/04	July 31/04
Total assets	8,523,978	7,983,437	7,632,626	7,171,046
Mineral properties & deferred costs	3,978,940	3,682,116	3,746,129	3,679,271
Working capital (deficiency)	4,352,760	4,201,665	3,798,180	3,396,230
Shareholders' equity	8,417,525	7,929,286	7,582,664	7,109,823
Revenues	250,358	155,439	92,470	2,154
Net loss (Profit)	(101,541)	511,714	(3,276)	492,006
Loss (earnings) per share	$0.00	$0.01	$0.00	$0.01

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), stock compensation expense of $207,500 ($0 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 $189,090 at April 30, 2006 is substantially different from the net profit of $101,541 reported April 30, 2005. The difference is attributed mainly to the following: stock compensation expense was $150,525 ($0 in 2005), consulting expenses were $4,900 ($2,000 in 2005), filing fees expensed were $2,450 ($1,613 in 2005), management fees were $24,000 ($15,000 in 2005), insurance expense was $950 ($0 in 2005), premises expenses were $6,540 ($3,866 in 2005), professional fees were $1,040 ($4,787 in 2005), property examinations were $17,084 ($0 in 2005), recoverable field expenses were $63,436 ($37,976 in 2005), shareholder communication and promotion expenses were $39,627 ($10,374 in 2005), travel and accommodation expenses were $18,857 ($8,861 in 2005), and wages and benefits in 2006 were $92,384 ($48,342 in 2005). Revenues for the quarter were $253,075 in 2006 and $250,358 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 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 April 30, 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 programs on behalf of the project operator.

Liquidity and Capital Resources

	April 30, 2006	January 31, 2006
Current Assets	9,674,412	4,618,670
Current Liabilities	108,386	403,173
Working Capital	9,566,026	4,215,497

At April 30, 2006 the Company held $1,500,000 in a Guaranteed Investment Certificate invested at 4.0% and maturing 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 quarter ended April 30, 2006, the Company incurred charges from directors or companies sharing common directors as follows:

	2006
Consulting	$ 2,400
Exploration expenditures	30,000
Management fee	24,000
Office services	105
Property examinations	600
Shareholder relations	4,250
Travel	1,822
	$63,177

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 April 30, 2006, the Company's issued share capital was as follows:

	Number of Shares	$ Amount
Preferred Shares	3,000	$ 3,000
Common Shares		
Balance January 31, 2006	72,030,740	17,628,788
Private placement	4,000,000	6,000,000
For Property	55,556	70,000
Exercise of options	75,000	48,000
Exercise of warrants		
Share issue costs		(352,979)
Balance April 30, 2006	76,164,296	$23,396,809

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 April 30, 2006 is as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding January 31, 2006	2,725,000	0.70
Granted	250,000	0.79
Exercised	(75,000)	0.64
Outstanding, April 30 , 2006	2,900,000	0.71

Options Granted

On March 9, 2006, the Company's Board of Directors approved and granted 250,000 stock options to employees at a price of $0.79 per share exercisable for five years.

A summary of the status of the Company incentive stock option plan as at April 30, 2006 is as follows:

Number of shares Under Option	Exercise Price	Expiry Date
225,000	0.29	January 12, 2009
950,000	0.55	July 22, 2009
250,000	1.09	January 11, 2010
1,225,000	0.82	June 19, 2010
250,000	0.79	March 8, 2011
2,900,000		

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:

Number of Warrants	Purchase Price	Expiry Date
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 quarter ended April 30, 2006, the Company received $232,500 in exchange for 300,000 options exercised.

On May 2, 2006 the Company purchased a variable rate Guaranteed Investment Certificate for $5,000,000, currently invested at 4.0% and maturing on April 28, 2007. This is an addition to a variable rate GIC for $1,500,000 invested at 4.0% maturing on November 22, 2006.

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