

**JNR RESOURCES INC.**  
#204, - 315 – 22<sup>nd</sup> Street East  
Saskatoon, SK S7K 0G6

**JNR RESOURCES INC.**

**Interim Financial Statements**

(Prepared by Management)

**for the nine months ended October 31, 2006**

**NOTICE TO SHAREHOLDERS  
FOR THE NINE MONTHS ENDED OCTOBER 31, 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 nine months ended October 31, 2006.

JNR RESOURCES INC.

BALANCE SHEET AS AT OCTOBER 31, 2006

	<u>October 31, 2006</u>	<u>January 31, 2006</u>
<b>ASSETS</b>		
<b>Current</b>		
Cash and equivalents	\$ 741,754	\$ 932,739
Term certificate	4,900,000	3,500,000
Accounts receivable	243,078	178,694
Marketable securities	2,350	2,350
Prepaid expense	10,853	4,887
SEM deposit	<u>296,856</u>	<u>0</u>
	6,194,891	4,618,670
<b>Capital assets</b>	124,260	107,369
<b>Deferred exploration costs</b>	8,696,750	4,570,428
<b>Mineral properties and rights</b>	<u>705,831</u>	<u>506,793</u>
	<u>\$ 15,721,732</u>	<u>\$ 9,803,260</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 274,212	\$ 376,517
Due to a director	<u>25,000</u>	<u>26,656</u>
	<u>299,212</u>	<u>403,173</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	23,660,909	17,631,788
Contributed surplus	1,872,675	1,452,400
Deficit	<u>(10,111,064)</u>	<u>(9,684,101)</u>
	<u>15,422,520</u>	<u>9,400,087</u>
	<u>\$ 15,721,732</u>	<u>\$ 9,803,260</u>

Prepared without audit

Approved by the Audit Committee:

*"Richard T Kusmirski"*

Director

*"Ron Hochstein"*

Director

**JNR RESOURCES INC.**

**STATEMENT OF OPERATIONS AND DEFICIT**

**FOR THE NINE MONTHS ENDED OCTOBER 31, 2006**

	Year-to-Date <u>2006</u>	Year-to-Date <u>2005</u>	3rd Quarter <u>2006</u>	3rd Quarter <u>2005</u>
<b>Administration costs</b>				
Amortization	\$ 22,905	\$ 17,552	\$ 8,118	\$ 6,333
Bank and loan interest	1,111	15,991	353	282
Consulting	13,900	11,595	4,600	4,000
Dues and memberships	1,629	0	1,270	0
Equipment lease	7,764	5,544	2,958	1,848
Equipment Repairs & Maint.	1,003	0	1,003	0
Filing fees	10,700	10,575	2,755	3,213
General meeting	10,872	11,921	0	0
Insurance	5,420	4,545	375	0
Management fees	72,000	45,000	24,000	15,000
Office expense	19,691	13,512	4,961	2,085
Premises rent	21,530	17,177	6,650	6,540
Professional fees	23,453	14,040	339	4,194
Property examinations	19,185	0	0	0
Recoverable field expenses	122,872	102,351	30,377	36,628
Shareholder communication & promotion	118,184	4,728	50,683	500
Software support	1,857	0	1,857	0
Stock compensation	420,275	781,250	269,750	781,250
Telecommunications	8,329	6,073	3,089	1,816
Transfer agent	8,373	7,191	2,456	1,843
Travel and accommodation	38,491	73,265	12,108	30,451
Wages and benefits	<u>288,050</u>	<u>205,008</u>	<u>102,453</u>	<u>95,076</u>
	<b>1,237,594</b>	<b>1,347,318</b>	<b>530,155</b>	<b>991,059</b>
Sale of options	0	1,148	0	0
Recovery of expenses	329,924	241,900	123,005	129,625
Project management income	218,477	199,170	70,391	73,620
Mineralogical services	11,835	0	6,825	0
Miscellaneous income	50,074	0	45,517	0
Administrative overhead	127,490	120,000	12,921	0
Interest income	<u>72,831</u>	<u>77,010</u>	<u>36,503</u>	<u>21,154</u>
	<b>810,631</b>	<b>639,228</b>	<b>295,162</b>	<b>224,399</b>
<b>Net loss (profit) for the period</b>	<b>426,963</b>	<b>708,090</b>	<b>234,993</b>	<b>766,660</b>
<b>Deficit, beginning of the period</b>	<b>9,684,101</b>	<b>8,882,797</b>	<b>9,876,071</b>	<b>8,824,227</b>
<b>Deficit, end of period</b>	<b>10,111,064</b>	<b>9,590,887</b>	<b>10,111,064</b>	<b>9,590,887</b>
<b>Basic loss (gain) per share</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ 0.00</b>	<b>\$ 0.01</b>

Prepared without audit

**JNR RESOURCES INC.**

**STATEMENT OF CASH FLOWS**

**FOR THE QUARTER ENDED OCTOBER 31, 2006**

	Year-to-Date <u>2006</u>	Year-to-Date <u>2005</u>	3rd Quarter <u>2006</u>	3rd Quarter <u>2005</u>
<b>Cash flows from (used in) operating activities</b>				
Net income (loss) for the period	\$ (426,963)	\$ (708,090)	\$ (234,993)	\$ (766,660)
Items not involving cash				
Stock based compensation expense	420,275	781,250	269,750	781,250
Sale of options	0	(1,148)	0	0
Amortization	<u>22,905</u>	<u>17,552</u>	<u>8,118</u>	<u>6,333</u>
	16,217	89,564	42,875	20,923
Cash provided by (invested in) non-cash working capital				
Decrease (increase) in term certificate	(1,400,000)	(500,000)	1,600,000	0
Decrease (increase) in marketable securities	0	0	0	0
Decrease (increase) in accounts receivable	(64,384)	82,937	43,040	(61,174)
Decrease (increase) in prepaids	(302,822)	(1,144)	(298,373)	1,612
Increase (decrease) in accounts payable and accrued liabilities	(103,961)	150,996	(30,414)	96,350
Increase (decrease) in taxes payable	0	0	0	0
Increase (decrease) in due to director	<u>0</u>	<u>(10,204)</u>	<u>0</u>	<u>0</u>
	<b><u>(1,854,950)</u></b>	<b><u>(187,851)</u></b>	<b><u>1,357,128</u></b>	<b><u>57,711</u></b>
<b>Cash flows from (used in) financing activities</b>				
Issuance of share capital	<u>6,029,121</u>	<u>614,250</u>	<u>31,600</u>	<u>336,800</u>
	<b><u>6,029,121</u></b>	<b><u>614,250</u></b>	<b><u>31,600</u></b>	<b><u>336,800</u></b>
<b>Cash flows from (used in) investing activities</b>				
Mineral properties and rights	(199,038)	(60,387)	(129,393)	0
Deferred exploration expenses	(4,126,322)	(566,990)	(2,107,652)	(386,560)
Acquisition of capital assets	<u>(39,796)</u>	<u>(41,516)</u>	<u>(6,519)</u>	<u>(7,316)</u>
	<b><u>(4,365,156)</u></b>	<b><u>(668,893)</u></b>	<b><u>(2,243,564)</u></b>	<b><u>(393,876)</u></b>
<b>Increase (decrease) in cash and cash equivalents</b>	(190,985)	(242,494)	(854,836)	635
Cash and cash equivalents, beginning of period	932,739	921,518	1,596,590	678,389
Cash and cash equivalents, end of period	<b><u>\$ 741.754</u></b>	<b><u>\$ 679.024</u></b>	<b><u>\$ 741.754</u></b>	<b><u>\$ 679.024</u></b>

Prepared without audit

**JNR RESOURCES INC.  
SCHEDULE OF DEFERRED EXPLORATION COSTS**

**FOR THE QUARTER ENDED OCTOBER 31, 2006**

Property/ Project	Balance July 31, 2006	Geophysical Surveys	Drilling	Geologists Analyses & Report Prep.	Travel Camps & Accommodation	Total Costs	Cost Recovery	Cost Written Off	Balance Oct. 31, 2006
Bell Lake	4,200					0			4,200
Black Lake	590,891	3,473		600		4,073			594,964
Crackingstone	31,669	46,306		600		46,906			78,575
Kelic Lake	3,600	616		750		1,366			4,966
Lazy Edward Bay	785,225	1,435		3,000		4,435			789,660
Moore Lake	3,797,787	67,277	845,762	15,075		928,114			4,725,901
Newnham Lake	437,061	107,394		600	7,222	115,216			552,277
North Athabasca	27,279					0			27,279
North Wedge	1,800					0			1,800
Pendleton	8,525					0			8,525
Rocky Brook	846,416	10,418	272,923	36,412	29,608	349,361			1,195,777
South Cigar	4,200	450		1,050		1,500			5,700
South Dufferin	2,700	450		750		1,200			3,900
South Fork	1,760					0			1,760
Way Lake	45,985	502,876		18,788		521,664			567,649
Yurchison Lake	0	132,617		1,200		133,817			133,817
	<b>\$6,589,098</b>	<b>873,312</b>	<b>1,118,685</b>	<b>78,825</b>	<b>36,830</b>	<b>2,107,652</b>			<b>\$8,696,750</b>

Prepared without audit

# JNR RESOURCES INC.

## Notes to Financial Statements

October 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 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.

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.

# JNR RESOURCES INC.

## Notes to Financial Statements October 31, 2006

### 3. Significant Accounting Policies - continued

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.

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.

# JNR RESOURCES INC.

## Notes to Financial Statements

October 31, 2006

### 3. Significant Accounting Policies - continued

#### 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 variable rate Guaranteed Investment Certificates maturing on November 22, 2007 and April 28, 2007, 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 October 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. Initially, its Joint Venture partner was 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, whereby 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 jointly held 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.

# JNR RESOURCES INC.

## Notes to Financial Statements

October 31, 2006

### 5. Mineral Properties and Rights - continued

On October 23, 2003, the Company and International Uranium Corporation (IUC) signed a Letter Agreement whereby IUC could 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 could also 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 manage 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 diamond drilling, property wide boulder sampling, and additional line cutting and ground geophysics. The drilling program was completed in late October and consisted of 33 holes totalling 12,437 metres.

This summer program was initiated in late June and on August 17 & 19, 2004, the Company released results from the first several drill holes completed. 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), 67 kilometres of gravity surveys and a 23.3 kilometre seismic survey over the Maverick mineralized zone.

# JNR RESOURCES INC.

## Notes to Financial Statements October 31, 2006

### 5. Mineral Properties and Rights - continued

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.

# JNR RESOURCES INC.

## Notes to Financial Statements

October 31, 2006

### 5. Mineral Properties and Rights - continued

On November 9, 2005, the Company released the results from an additional 13 diamond drill holes. Two new zones of unconformity-style uranium mineralization ('527' and '525') were discovered along the same structural corridor that hosts the Maverick Main zone. ML-527 returned a grade equivalent of 0.41%  $U_3O_8$  over 6.6 metres, including a 1.0-metre interval of 1.1%  $eU_3O_8$ . This hole was collared 450 metres northeast of discovery hole ML-25 and the results compare well with those obtained in ML-03 (0.442%  $eU_3O_8$  over 9.2 metres), the first hole to intersect significant uranium mineralization on the Moore Lake project. ML-525 which was collared 1,400 metres to the northeast of the discovery hole returned an assay of 0.226%  $U_3O_8$  over 4.5 metres.

On November 29, 2005, the Company released the results from an additional 17 diamond drill holes. Of note were the results from two holes testing for a westward extension to the 'Main Zone'. ML-97 returned 2.31%  $U_3O_8$  over 7.75 metres, including a 2.25 metre intercept of 6.73%  $U_3O_8$ , which includes 12.4%  $U_3O_8$  over 1.0 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 9<sup>th</sup>, 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. This program is focussing on expanding the dimensions of the '527' zone and the Maverick Main zone, as well as testing targets identified this past winter in other areas of the property.

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 0.10%  $U_3O_8$  (including 0.446%  $U_3O_8$  over 0.5 metres) from a graphitic fault zone some 75 metres below the unconformity.

# JNR RESOURCES INC.

## Notes to Financial Statements

October 31, 2006

### 5. Mineral Properties and Rights - continued

On December 18, 2006, the Company and Denison announced that a 2007 winter exploration program budgeted at \$2.5 M had been approved at Joint Venture meetings held on December 7-8. This program will consist of a minimum of 10,000 metres of diamond drilling, and 110 kilometres of linecutting and ground geophysics, and will focus on regional targets. An airborne resistivity and magnetic survey is also being flown over the gridded areas.

To October 31, 2006, the Company had incurred net acquisition costs of \$72,684 and exploration costs of \$4,725,901 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. Initially, its Joint Venture partner was 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, whereby the Company could acquire all of KCEI's interest in the Lazy Edward Bay 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 manage 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. 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. A preliminary interpretation indicates a number of priority targets that warrant follow-up. Program planning is underway.

On December 18, 2006, the Company and Denison announced that a 2007 winter exploration program budgeted at \$1.0 M had been approved at meetings held on December 7-8. The planned program includes 3500 metres of diamond drilling focussing on the Tommy Davis Bay conductors. This program will also ground define and drill test EM conductors in the Lazy Edward Bay area. Results from an 1800-line kilometre airborne EM and magnetic survey flown during the third quarter of 2006 over the westernmost claims are still pending.

To October 31, 2006, the Company had incurred net acquisition costs of \$27,256 and exploration costs of \$789,660 in respect of these claims.

# JNR RESOURCES INC.

## Notes to Financial Statements

October 31, 2006

### 5. Mineral Properties and Rights – continued

#### (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.

On December 18, 2006, the Company and Denison announced that a 2007 exploration program budgeted at \$425,000 had been approved at meetings held on December 7-8. This program will consist of 75 kilometres of linecutting and ground geophysics over the two prominent airborne conductors, followed-up by 1,200-metres of diamond drilling during the summer of 2007.

To October 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.

On December 18, 2006 the Company and Denison announced that a 2007 winter exploration program budgeted at \$275,000 had been approved at Joint Venture meetings held on December 7-8. This program will consist of 100 kilometres of linecutting and ground EM and 200 kilometres of ground magnetics. Plans for a follow-up diamond drilling program during the summer of 2007 will be outlined once the results from the winter program have been received and interpreted.

# JNR RESOURCES INC.

## Notes to Financial Statements October 31, 2006

### 5. Mineral Properties and Rights – continued

To October 31, 2006, the Company had incurred exploration costs of \$4,200 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.

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.

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. A follow-up program consisting of 80 kilometres of linecutting and 60 kilometres of ground EM surveys was carried out during the third quarter of 2006. This program identified potential sandstone structures.

At meetings held on December 7-8, 2006 the Company and Denison approved a 2007 winter exploration program budgeted at \$150,000. It will consist of an airborne resistivity and magnetic survey.

To October 31, 2006, the Company had incurred exploration costs of \$5,700 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. 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.

# JNR RESOURCES INC.

## Notes to Financial Statements

October 31, 2006

### 5. Mineral Properties and Rights – continued

On December 13, 2005, the Company announced that a winter exploration program consisting of a minimum of 120 kilometres of line cutting and ground EM was underway. 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. A number of potential bedrock conductors have been interpreted.

Planning for 2007 exploration programs is underway.

To October 31, 2006, the Company had incurred net acquisition costs of \$54,035 and exploration costs of \$594,964 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 could 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. 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. Masuparia also had the option to increase its interest to 70% by meeting certain contractual obligations, but elected not to do so. As such the Company's interest in the Joint Venture is 24.5%.

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

No additional work has been carried out on the properties since April of 2005 and the Company is not aware of any planned exploration activities.

During the quarter ending October 31, 2006, the Company signed a letter of intent with Golden Band Resources Inc. (GB) whereby GB could acquire the Company's interest in this property by issuing to the Company 125,000 shares of GB and by making a cash payment of \$50,000. A further 125,000 shares of GB are due on the first anniversary of the agreement. The Company will also retain a 1% net smelter royalty which GB can buy down to 0.5% by payment of \$500,000 to the Company.

# JNR RESOURCES INC.

## Notes to Financial Statements

October 31, 2006

### 5. Mineral Properties and Rights - continued

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

During the second quarter of 2006, the Company carried out an exploration program consisting of prospecting and geological mapping. On October 12, 2006, the Company released the results from that program

High grade uranium mineralization was obtained from outcrop sampling of a previously identified massive pitchblende vein, referred herein as the Hook Lake showing. Two grab samples collected from the vein returned 40.1% and 48%  $U_3O_8$ , while a soil sample overlying the vein assayed 27.8 %  $U_3O_8$ . The uranium mineralization is also associated with significant lead (up to 8.8%) rare earth element and thorium enrichment, and anomalous boron, cobalt and vanadium values. A narrow radioactive shear/fracture set approximately 5 metres south of the pitchblende vein returned 460 ppm uranium and elevated lead and rare earth elements. Non-mineralized host rock to the veins returned background to weakly enriched uranium (32 ppm) values.

Exploration elsewhere, both on and off property, identified a number of anomalous areas. In the Beckett Lake area, grab samples of radioactive pegmatite and granite outcrops and/or boulders returned from 45 to 100 ppm uranium, while in the Alexander Lake area, several radioactive pegmatite and granite outcrops/boulders returned up to 150 ppm uranium, with elevated lead and boron values.

In light of these highly encouraging results, the Company staked an additional 58,000 hectares of ground to cover the projected extensions of the Hook Lake, Beckett Lake and Alexander Lake showings, as well as newly identified EM conductors detected by a 5,500-line kilometre helicopter-borne VTEM survey that was initiated in mid-August. The Way Lake project now comprises 17 contiguous claims totalling 71,795 hectares.

Planning of the 2006-2007 winter exploration program is currently underway. It will include a significant diamond drilling component focussing on the Hook Lake showing.

To October 31, 2006, the Company had incurred net acquisition costs of \$120,627 and exploration costs of \$567,649 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. The Company has an unencumbered 100% interest in these properties. 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

# JNR RESOURCES INC.

## Notes to Financial Statements

October 31, 2006

### 5. Mineral Properties and Rights – continued

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.

During the third quarter of 2006, a 1350-line kilometre helicopter-borne VTEM survey was completed. Interpretation is underway.

To October 31, 2006, the Company had incurred net acquisition costs of \$29,199 and exploration costs of \$78,575 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 in search of the source of high-grade mineralized boulders found on the project lands.

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 – downhole 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

# JNR RESOURCES INC.

## Notes to Financial Statements

October 31, 2006

### 5. Mineral Properties and Rights – continued

boulders, as well as significant radiometric anomalies in till.

The 2006 program is budgeted at \$650,000 and will consist of diamond drilling and a 1200-line kilometre high resolution radiometric, magnetic and electromagnetic airborne survey, which is underway.

On September 6, 2006, the Company announced that the airborne survey has been completed and successfully identified several prominent magnetic and radiometric anomalies in the areas of the historic Wigwam Brook, Birch Hill Brook and Goose prospects, as well as a number of anomalous zones elsewhere. A 3000-metre diamond drilling program consisting of approximately 90 to 100 short holes is underway. It is following-up the encouraging results from the 2005 program and will also test notable geophysical targets identified by the airborne survey. This program was still ongoing during the quarter ending October 31, 2006.

On December 1, 2006, the Company made an Option payment of \$20,000.

To October 31, 2006, the Company had incurred net acquisition costs of \$298,250 and exploration costs of \$1,195,777 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 & March 2006) 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, 2007, and can earn a further 24% interest by spending an additional \$250,000 on exploration by April 30, 2008.

During the third quarter of 2005, an 850-line kilometre airborne EM and magnetic survey was completed. A number of conductive and structural targets were identified. These will be ground defined during the winter of 2007.

On December 18, 2006, the Company and Denison announced that a 2007 exploration program budgeted at \$500,000 was approved at meetings on December 7-8. It will consist of 110 kilometres of linecutting and ground EM.

To October 31, 2006, the Company had incurred exploration costs of \$4,966 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 & March 2006) 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, 2007, and can earn a further 24% interest by spending a further \$250,000 on exploration by April 30, 2008.

# JNR RESOURCES INC.

## Notes to Financial Statements

October 31, 2006

### 5. Mineral Properties and Rights - continued

During the third quarter of 2005, a 1200-line kilometre airborne EM and magnetic survey was completed. Interpretation is nearing completion. An exploration program for 2007 will be outlined once this work is finalized.

To October 31, 2006, the Company had incurred exploration expenses of \$3,900.

#### (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 & March 2006) 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, 2008.

At meetings held on December 7-8, the Company and Denison approved a 2007 winter exploration program budgeted at \$50,000. It will consist of an airborne resistivity and magnetic survey.

To October 31, 2006, the Company had incurred exploration expenses of \$1,800.

#### (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 kilometre airborne EM and magnetic survey was being flown over the project lands.

This survey 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 completed in the spring of 2006. Additional linecutting and ground geophysics was completed during the third quarter of 2006 along with a 900-line kilometre helicopter-borne DIGHEM EM survey over the two northeastern claims. Interpretation of the results is still underway.

To October 31, 2006, the Company had incurred net acquisition costs of \$53,106 and exploration costs of \$552,277 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 October 31, 2006, the Company had incurred net acquisition costs of \$25,157 and exploration costs of \$1,760 in respect of these claims.

# JNR RESOURCES INC.

## Notes to Financial Statements October 31, 2006

### 5. Mineral Properties and Rights - continued

#### (q) Yurchison Lake

During the third quarter of 2006, the Company staked 4 claims totaling 12,660 hectares in the Yurchison Lake area, located 10 kilometres northeast of the Way Lake project. The Company has a 100% unencumbered interest in these properties.

The acquisition was in response to results received from an exploration program carried out during the second quarter of 2006. Significant uranium and molybdenum mineralization was obtained from both outcrop and float samples taken in and near old trenches. Uranium values ranged from 0.09% to 0.30% U<sub>3</sub>O<sub>8</sub>, with molybdenum values ranging from 2,500 to 6,400 ppm.

During the third quarter of 2006, an 800-line kilometer helicopter-borne VTEM survey was completed over the project lands. Interpretation is underway.

To October 31, 2006, the Company had incurred net acquisition costs of \$22,791 and exploration costs of \$133,817 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 October 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, 2006	72,030,740	17,628,788
Private placement	4,000,000	6,000,000
For Property	55,556	70,000
Exercise of options	415,000	312,100
Exercise of warrants		
Share issue costs		(352,979)
<u>Balance October 31, 2006</u>	<u>76,504,296</u>	<u>\$23,660,909</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.

# JNR RESOURCES INC.

## Notes to Financial Statements October 31, 2006

### 6. Share Capital, Options and Warrants - continued

A summary of the status of the Company incentive stock option plan as at October 31, 2006 is as follows:

	Number of Shares
Outstanding January 31, 2006	2,725,000
Granted	575,000
Exercised	<u>(415,000)</u>
Outstanding October 31, 2006	<u>2,885,000</u>

#### 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.

On October 3, 2006, the Company's Board of Directors approved and granted 325,000 stock options to employees at a price of \$1.07 per share exercisable for five years.

A summary of the status of the Company incentive stock option plan as at October 31, 2006 is as follows:

Number of shares Under Option	Exercise Price	Expiry Date
225,000	0.29	January 12, 2009
850,000	0.55	July 22, 2009
200,000	1.09	January 11, 2010
1,075,000	0.82	June 19, 2010
210,000	0.79	March 8, 2011
325,000	1.07	October 2, 2011

2,885,000

#### Warrants

The Company raises funds by private placements. The funds were raised by the Company issuing shares and/or 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

# JNR RESOURCES INC.

## Notes to Financial Statements October 31, 2006

### 7. Related Party Transactions

During the quarter ended October 31, 2006, the Company incurred charges from directors or companies sharing common directors as follows:

	<u>2006</u>
Consulting	\$ 0
Exploration expenditures	36,300
Management fee	24,000
Office services	399
Shareholder relations	4,036
Travel	<u>3,283</u>
	\$68,018

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 October 31, 2006, the Company received \$132,600 in exchange for 165,000 options exercised.

On December 1, 2006, the Company made an Option payment of \$20,000 to Altius Minerals Corporation for the Rocky Brook property.

### 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 OCTOBER 31, 2006**

The following discussion and analysis of the financial condition and results of operations for JNR Resources Inc. has been prepared as of December 20, 2006 to provide additional information to that already provided in the unaudited interim financial statements for the period ended October 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](http://www.sedar.com).

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

### **Overall Performance**

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

The Company had net working capital of \$5,895,679 at October 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 quarter ending October 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.

On December 7 & 8, 2006, the Company held meetings with 'new' partner Denison Mines Corp. and approved 2007 winter exploration programs on eight jointly held properties. On December 4, 2006, Denison Mines Inc. and International Uranium Corporation completed a Plan of Arrangement resulting in Denison becoming a subsidiary of IUC and IUC being renamed Denison Mines Corp.

The **Moore Lake** Joint Venture with partner Denison Mines Corp. continues to be one of the most exciting exploration projects in the Basin and the focal point of the Company's exploration efforts. A summer drilling program consisting of 38 holes totalling 14,317 metres was completed in mid-October. This program focused on expanding the dimensions of the '527' zone and the Maverick Main Zone, as well as testing targets identified during the winter of 2006 in other areas of the property. The final analytical results should be available in early 2007. A \$2.5 M winter program consisting of a minimum of 10,000 metres of diamond drilling and 110 kilometres of linecutting and ground geophysics is scheduled to be underway by the second week of January.

During the quarter ending October 31, 2006, the Company substantially increased its' land position in the **Way Lake** area. This was in response to obtaining high grade uranium values along with other highly encouraging results, from a regional prospecting and mapping program. Two grab samples from a massive pitchblende vein returned 40.1% and 48% U<sub>3</sub>O<sub>8</sub>. This mineralization is also associated with significant levels of other pathfinder elements. Grab samples from both outcrop and float obtained from a number of other areas also returned anomalous results (45 to 150 ppm uranium). The Company also completed a 5500-line kilometre airborne EM and magnetic survey over the project lands, the results of which are pending.

A new project was added; **Yurchison Lake**. The respective claims were staked contemporaneous with the acquisition of land in the Way Lake area, and in response to significant uranium and molybdenum results being obtained from both outcrop and float samples. Uranium values ranged from 0.09% to 0.30% U<sub>3</sub>O<sub>8</sub>.

During the quarter ending October 31, 2006, a linecutting and ground geophysical program was completed over the Tommy Davis Bay area on the **Lazy Edward Bay**

project, along with an 1,800-line kilometre airborne EM and magnetic survey. The ground work identified three previously untested north-northeast trending conductors. They will be the focus of a \$1.0 M, 3500 metre winter diamond drilling program planned for 2007. A nominal amount of ground geophysics and diamond drilling is also planned for other targets on the project. Interpretation of the airborne survey is underway.

During the quarter ending October 31, 2006, exploration was also underway on two of the company's other 100% owned projects. A 900-line kilometre airborne DIGHEM EM survey and, a linecutting and ground geophysical program were completed on the **Newnham Lake** project, where historic work identified a large number of surficial uranium geochemical anomalies in lake sediments, peats and soils. And, a 1350-line kilometre airborne VTEM survey was completed on the **Crackingstone** project. Results from all are pending.

A \$500,000 linecutting and ground EM program will be initiated early in 2007 on the **Kelic Lake** project as will a \$275,000 linecutting and ground EM and magnetic program on the **Bell Lake** project.

A \$425,000 program consisting of linecutting, ground EM and diamond drilling is planned for the **Pendleton Lake** project in 2007, with the geophysics in the winter and the drilling in the summer.

During the quarter ending October 31, 2006, the linecutting and ground EM program on the **South Cigar** project was completed. An airborne resistivity and magnetic survey is scheduled to be flown during the first quarter of 2007 over this property as well as the **North Wedge** property.

Interpretation of results from airborne EM and magnetic surveys completed during the fourth quarter of 2005 on **South Dufferin** is nearing completion.

During the quarter ending October 31, 2006, a 3000 metre diamond drilling program on the Company's **Rocky Brook** option in Newfoundland was ongoing.

The Company also divested of its' interest in the **Greywacke** gold property allowing it to focus its exploration efforts 100% on its uranium projects.

### **Exploration Properties**

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

#### **(a) North Athabasca**

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

To October 31, 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. Initially, its Joint Venture partner was 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, whereby 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 jointly held 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 could 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 could also 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 manage 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 diamond drilling, property wide boulder sampling, and additional line cutting and ground geophysics. The drilling program was completed in late October and consisted of 33 holes totalling 12,437 metres.

This summer program was initiated in late June and on August 17 & 19, 2004, the Company released results from the first several drill holes completed. 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), 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<sub>3</sub>O<sub>8</sub> over 1.5 metres. The Company and IUC also announced that a 2006 winter exploration program consisting of line cutting, ground geophysics and diamond drilling had been approved at a Joint Venture meeting on December 9<sup>th</sup>, with the drilling program scheduled to begin the first week of January.

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<sub>3</sub>O<sub>8</sub> over 6.6 metres, including 2.22% U<sub>3</sub>O<sub>8</sub> over 4.0 metres. ML-106 returned an assay of 0.402% U<sub>3</sub>O<sub>8</sub> over 4.5 metres, including 1.06% U<sub>3</sub>O<sub>8</sub> over 1.5 metres.

On June 15, 2006, the Company and IUC announced that a summer diamond drilling program was underway, and would focus on expanding the dimensions of the '527' zone and the Maverick Main zone, as well as testing targets identified this past winter in other areas of the property. This program was completed in mid-October and consisted of 38 holes totalling 14,317 metres. The final analytical results should be available early in 2007.

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 0.10% U<sub>3</sub>O<sub>8</sub> (including 0.446% U<sub>3</sub>O<sub>8</sub> over 0.5 metres) from a graphitic fault zone some 75 metres below the unconformity.

On December 18, 2006, the Company and Denison announced that a 2007 winter exploration program budgeted at \$2.5 M had been approved at Joint Venture meetings held on December 7-8. This program will consist of a minimum of 10,000 metres of diamond drilling, and 110 kilometres of linecutting and ground geophysics, and will focus on regional targets. An airborne resistivity and magnetic survey is also being flown over the gridded areas.

To October 31, 2006, the Company had incurred net acquisition costs of \$72,684 and exploration costs of \$4,725,901 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. Initially, its Joint Venture partner was 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, whereby the Company could acquire all of KCEI's interest in the Lazy Edward Bay 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 manage 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. 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. Ground follow-up during the third quarter of 2006 indicated three prominent north-northeast trending conductors in the Tommy Davis Bay area.

On December 18, 2006, the Company and Denison announced that a 2007 winter exploration program budgeted at \$1.0 M had been approved at meetings held on December 7-8. The planned program includes 3500 metres of diamond drilling focussing on the Tommy Davis Bay conductors. This program will also ground define and drill test EM conductors in the Lazy Edward Bay area. Results from an 1800-line kilometre airborne EM and magnetic survey flown during the third quarter of 2006 over the westernmost claims are still pending.

To October 31, 2006, the Company had incurred net acquisition costs of \$27,256 and exploration costs of \$789,660 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 prominent 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.

On December 18, 2006, the Company and Denison announced that a 2007 exploration program budgeted at \$425,000 had been approved at meetings held on December 7-8. This program will consist of 75 kilometres of linecutting and ground geophysics over the two prominent airborne conductors, followed-up by 1,200-metres of diamond drilling during the summer of 2007.

To October 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.

On December 18, 2006 the Company and Denison announced that a 2007 winter exploration program budgeted at \$275,000 had been approved at Joint Venture meetings held on December 7-8. This program will consist of 100 kilometres of linecutting and ground EM and 200 kilometres of ground magnetics. Plans for a follow-up diamond drilling program during the summer of 2007 will be outlined once the results from the winter program have been received and interpreted.

To October 31, 2006, the Company had incurred exploration costs of \$4,200 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.

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.

During the first quarter of 2004, the Joint Venture completed a 243 kilometre airborne GEOTEM survey over the project lands. This survey outlined a feature interpreted to represent a deep seated basement conductor. A follow-up program consisting of 80 kilometres of linecutting and 60 kilometres of ground EM surveys was carried out during the third quarter of 2006. This program identified potential sandstone structures.

At meetings held on December 7-8, the Company and Denison approved a 2007 winter exploration program budgeted at \$150,000. It will consist of an airborne resistivity and magnetic survey.

To October 31, 2006, the Company had incurred exploration costs of \$5,700 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. 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 consisting of a minimum of 120 kilometres of line cutting and ground EM was underway. 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. A number of potential bedrock conductors have been interpreted.

Planning for 2007 exploration programs is underway.

To October 31, 2006, the Company had incurred net acquisition costs of \$54,035 and exploration costs of \$594,964 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 could 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. 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. Masuparia also had the option to increase its interest to 70% by meeting certain contractual obligations, but elected not to do so. As such the Company's interest in the Joint Venture is 24.5%.

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.

No additional work has been carried out on the properties since April of 2005.

During the quarter ending October 31, 2006, the Company signed a letter of intent with Golden Band Resources Inc. (GB) whereby GB could acquire the Company's interest in this property by issuing to the Company 125,000 shares of GB and by making a cash payment of \$50,000. A further 125,000 shares of GB are due on the first anniversary of

the agreement. The Company will also retain a 1% net smelter royalty which GB can buy down to 0.5% by payment of \$500,000 to the Company.

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

During the second quarter of 2006, the Company carried out an exploration program consisting of prospecting and geological mapping. On October 12, 2006, the Company released the results from that program

High grade uranium mineralization was obtained from outcrop sampling of a previously identified massive pitchblende vein, referred herein as the Hook Lake showing. Two grab samples collected from the vein returned 40.1% and 48%  $U_3O_8$ , while a soil sample overlying the vein assayed 27.8 %  $U_3O_8$ . The uranium mineralization is also associated with significant lead (up to 8.8%) rare earth element and thorium enrichment, and anomalous boron, cobalt and vanadium values. A narrow radioactive shear/fracture set approximately 5 metres south of the pitchblende vein returned 460 ppm uranium and elevated lead and rare earth elements. Non-mineralized host rock to the veins returned background to weakly enriched uranium (32 ppm) values.

Exploration elsewhere, both on and off property, identified a number of anomalous areas. In the Beckett Lake area, grab samples of radioactive pegmatite and granite outcrops and/or boulders returned from 45 to 100 ppm uranium, while in the Alexander Lake area, several radioactive pegmatite and granite outcrops/boulders returned up to 150 ppm uranium, with elevated lead and boron values.

In light of these highly encouraging results, the Company staked an additional 58,000 hectares of ground to cover the projected extensions of the Hook Lake, Beckett Lake and Alexander Lake showings, as well as newly identified EM conductors detected by a 5,500-line kilometre helicopter-borne VTEM survey that was initiated in mid-August. The Way Lake project now comprises 17 contiguous claims totalling 71,795 hectares.

Planning of the 2006-2007 winter exploration program is currently underway. It will include a significant diamond drilling component focussing on the Hook Lake showing.

To October 31, 2006, the Company had incurred net acquisition costs of \$120,627 and exploration costs of \$567,649 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. The Company has an unencumbered 100% interest in these properties. 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<sub>3</sub>O<sub>8</sub> (0.05% cut-off) and “possible reserves” of 315,000 tons at a similar grade (Source: Mineral Bulletin MR213, June 1986, Energy, Mines and Resources, Canada). The Company believes the estimate to be relevant information but has not completed work necessary to verify its reliability. As a historical estimate it should not be relied upon.

During the third quarter of 2006, a 1350-line kilometre helicopter-borne VTEM survey was completed. Interpretation is underway.

To October 31, 2006, the Company had incurred net acquisition costs of \$29,199 and exploration costs of \$78,575 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 in search of the source of high-grade mineralized boulders found on the project lands.

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 – downhole 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 diamond drilling and a 1200-line kilometre high resolution radiometric, magnetic and electromagnetic airborne survey, which is underway.

On September 6, 2006, the Company announced that the airborne survey has been completed and successfully identified several prominent magnetic and radiometric anomalies in the areas of the historic Wigwam Brook, Birch Hill Brook and Goose prospects, as well as a number of anomalous zones elsewhere. A 3000-metre diamond drilling program consisting of approximately 90 to 100 short holes is underway. It is following-up the encouraging results from the 2005 program and will also test notable geophysical targets identified by the airborne survey. This program was still ongoing during the quarter ending October 31, 2006.

On December 1, 2006, the Company made an option payment of \$20,000.

To October 31, 2006, the Company had incurred net acquisition costs of \$298,250 and exploration costs of \$1,195,777 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 & March 2006) 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, 2007, and can earn a further 24% interest by spending an additional \$250,000 on exploration by April 30, 2008.

During the third quarter of 2005, a 975-line kilometre airborne EM and magnetic survey was completed. A number of conductive and structural targets were identified. These will be ground defined during the winter of 2007.

On December 18, 2006, the Company and Denison announced that a 2007 exploration program budgeted at \$500,000 was approved at meetings on December 7-8. It will consist of 110 kilometres of linecutting and ground EM.

To October 31, 2006, the Company had incurred exploration costs of \$4,966 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 & March 2006) 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, 2007, and can earn a further 24% interest by spending a further \$250,000 on exploration by April 30, 2008.

During the third quarter of 2005, a 1200-line kilometre airborne EM and magnetic survey was completed. Interpretation is nearing completion. An exploration program for 2007 will be outlined once this work is finalized.

To October 31, 2006, the Company had incurred exploration expenses of \$3,900.

**(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 & March 2006) 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, 2008.

At meetings held on December 7-8, the Company and Denison approved a 2007 winter exploration program budgeted at \$50,000. It will consist of an airborne resistivity and magnetic survey.

To October 31, 2006, the Company had incurred exploration expenses of \$1,800.

**(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 kilometre airborne EM and magnetic survey was being flown over the project lands.

This survey 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 completed in the first quarter of 2006. Additional linecutting and ground geophysics was completed during the third quarter of 2006 along with a 900-line kilometer helicopter-borne DIGHEM EM survey over the two northeastern claims. Interpretation of the results is still underway.

To October 31, 2006, the Company had incurred net acquisition costs of \$53,106 and exploration costs of \$552,277 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 October 31, 2006, the Company had incurred net acquisition costs of \$25,157 and exploration costs of \$1,760 in respect of these claims.

**(q) Yurchison Lake**

During the third quarter of 2006, the Company staked 4 claims totaling 12,660 hectares in the Yurchison Lake area, located 10 kilometres northeast of the Way Lake project. The Company has a 100% unencumbered interest in these properties.

The acquisition was in response to results received from an exploration program carried out during the second quarter of 2006. Significant uranium and molybdenum mineralization was obtained from both outcrop and float samples taken in and near old trenches. Uranium values ranged from 0.09% to 0.30% U<sub>3</sub>O<sub>8</sub>, with molybdenum values ranging from 2,500 to 6,400 ppm.

During the third quarter of 2006, an 800-line kilometer helicopter-borne VTEM survey was completed over the project lands. Interpretation is underway.

To October 31, 2006, the Company had incurred net acquisition costs of \$22,791 and exploration costs of \$133,817 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.

	Oct. 31/06	July 31/06	Apr. 30/06	Jan. 31/06
Total assets	15,721,732	15,685,789	15,234,931	9,803,260
Mineral properties & deferred costs	9,402,581	7,165,536	5,448,643	5,077,221
Working capital (deficiency)	5,895,679	8,064,768	9,566,026	4,215,497
Shareholders' equity	15,422,520	15,356,163	15,126,545	9,400,087
Revenues	295,162	262,393	253,075	150,804
Net loss (Profit)	234,993	2,882	189,090	93,215
Loss (earnings) per share	\$0.00	\$0.00	\$0.00	\$0.00

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

## Results of Operations

The net loss of \$234,993 for the quarter ended October 31, 2006 is mainly attributed to a stock compensation expense recorded of \$269,750 (\$781,250 in 2005). Revenues for the quarter were \$295,162 (\$224,399 in 2005), amortization expense was \$8,118 (\$6,333 in 2005), management fees were \$24,000 (\$15,000 in 2005), recoverable field expenses were \$30,377 (\$36,628 in 2005), shareholder communication and promotion was \$50,683 (\$500 in 2005), software support was \$1,857 (\$0 in 2005), telephone was \$3,089 (\$1,816 in 2005), travel was \$12,108 (\$30,451 in 2005), wages and benefits were \$102,453 (\$95,076 in 2005), dues and memberships were \$1,270 (\$0 in 2005), professional fees were \$339 (\$4,194 in 2005), equipment repairs were \$1,270 (\$0 in 2005), and insurance was \$375 (\$0 in 2005).

The net loss of \$2,882 for the quarter ended July 31, 2006 is lower than the net loss of \$42,970 at July 31, 2005 and is mainly due to the following: revenues were \$262,393 (\$164,472 in 2005) for rental for camp and equipment, project management, sale of options, and interest income, while administrative expenses were \$265,275 (\$207,442 in 2005). The most significant changes in expenses included \$93,212 for wages (\$61,590 in 2005), \$7,526 for travel (26,960 in 2005), \$27,874 for shareholder communication and promotion (\$848 in 2005), \$2,101 for property examinations (\$0 in 2005), \$27,874 for professional fees (\$848 in 2005), \$24,000 for management fees (\$15,000 in 2005), and \$510 for bank and loan interest (\$15,568 in 2005).

The net loss of \$189,090 for the quarter ended 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 \$93,215 for the quarter ended 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 \$0 (\$207,500 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).

## Liquidity and Capital Resources

	October 31, 2006	January 31, 2006
Current Assets	6,194,891	4,618,670
Current Liabilities	<u>299,212</u>	<u>403,173</u>
Working Capital	<u>5,895,679</u>	<u>4,215,497</u>

At October 31, 2006 the Company held \$4,900,000 in Guaranteed Investment Certificates. Subsequent to the quarter \$600,000 was withdrawn and deposited to the bank account. There are currently two Guaranteed Investment Certificates totaling \$4,300,000. Both GIC's are earning a variable rate of interest which is currently at 4.0%. One certificate is for \$1,200,000 and matures on November 22, 2007. The second certificate is for \$3,100,000 and matures on April 28, 2007. 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 October 31, 2006, the Company incurred charges from directors or companies sharing common directors as follows:

	<u>2006</u>
Consulting	\$ 0
Exploration expenditures	36,300
Management fee	24,000
Office services	399
Shareholder relations	4,036
Travel	<u>3,283</u>
	\$68,018

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 October 31, 2006, the Company's issued share capital was as follows:

	<u>Number of Shares</u>	<u>\$ Amount</u>
Preferred Shares	3,000	\$ 3,000
<u>Common Shares</u>		
Balance January 31, 2006	72,030,740	17,628,788
Private placement	4,000,000	6,000,000
For Property	55,556	70,000
Exercise of options	415,000	312,100
Exercise of warrants		
Share issue costs		(352,979)
<hr/>		
<u>Balance October 31, 2006</u>	<u>76,504,296</u>	<u>\$23,660,909</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 October 31, 2006 is as follows:

	<u>Number of Shares</u>
Outstanding January 31, 2006	2,725,000
Granted	575,000
Exercised	<u>(415,000)</u>
Outstanding October 31, 2006	<u>2,885,000</u>

## 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.

On October 3, 2006, the Company's Board of Directors approved and granted 325,000 stock options to employees at a price of \$1.07 per share exercisable for five years.

A summary of the status of the Company incentive stock option plan as at October 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
850,000	0.55	July 22, 2009
200,000	1.09	January 11, 2010
1,075,000	0.82	June 19, 2010
210,000	0.79	March 8, 2011
325,000	1.07	October 2, 2011

2,885,000

## Warrants

The Company raises funds by private placements. The funds were raised by the Company issuing shares and/or 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 quarter ended October 31, 2006, the Company received \$132,600 in exchange for 165,000 options exercised.

On December 1, 2006, the Company made an Option payment of \$20,000 to Altius Minerals Corporation for the Rocky Brook property.

### **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