

**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 three months ended April 30, 2007**

**JNR RESOURCES INC.  
BALANCE SHEET AS AT APRIL 30, 2007**

	<u>April 30, 2007</u>	<u>January 31, 2007</u>
<b>ASSETS</b>		
<b>Current</b>		
Cash and equivalents	\$ 823,040	\$ 1,170,147
Term certificate	18,675,000	4,100,000
Accounts receivable	403,747	188,882
Marketable securities	56,100	56,100
Prepaid expense	<u>400,680</u>	<u>380,203</u>
	20,358,567	5,895,332
<b>Capital assets</b>	164,898	134,205
<b>Deferred exploration costs</b>	10,610,242	9,821,169
<b>Mineral properties and rights</b>	<u>726,186</u>	<u>726,186</u>
	<u>\$ 31,859,893</u>	<u>\$ 16,576,892</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 325,427	\$ 781,233
Due to a director	<u>0</u>	<u>10,236</u>
	325,427	791,469
<b>Long term</b>		
Future income tax liability	<u>3,179,615</u>	<u>0</u>
	\$ 3,505,042	\$ 791,469
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	34,791,031	22,355,319
Contributed surplus	2,385,365	2,385,365
Deficit	<u>(8,821,545)</u>	<u>(8,955,261)</u>
	<u>28,354,851</u>	<u>15,785,423</u>
	<u>\$ 31,859,893</u>	<u>\$ 16,576,892</u>

**Prepared without audit**

Approved by the Board:

*"Richard T Kusmirski"*

Director

*"Ron Hochstein"*

Director

**JNR RESOURCES INC.**

**STATEMENT OF OPERATIONS AND DEFICIT**

**FOR THE QUARTER ENDED APRIL 30, 2007**

	<b>April 30, 2007</b>	<b>April 30, 2006</b>
<b>Administration costs</b>		
Amortization	\$9,229	\$6,805
Bank and loan interest	283	247
Consulting	4,500	4,900
Dues and memberships	0	359
Filing fees	6,825	2,450
Insurance	696	950
Management fees	24,000	24,000
Office expense	9,801	7,547
Premises rent	10,670	6,540
Professional fees	11,359	1,040
Property examinations/research	4,589	17,084
Recoverable field expenses	40,005	63,436
Shareholder communication & promotion	29,833	39,627
Stock compensation expense	0	150,525
Telecommunications	2,135	2,756
Training	3,200	0
Transfer agent	3,443	2,656
Travel and accommodation	10,258	18,857
Wages and benefits	<u>94,486</u>	<u>92,384</u>
	<b><u>265,312</u></b>	<b><u>442,163</u></b>
Recovery of expenses	151,739	134,611
Project management income	124,022	92,600
Interest income	122,371	16,298
Mineralogical services	895	5010
Miscellaneous income	<u>0</u>	<u>4,556</u>
<b>Total revenue</b>	<b>399,027</b>	<b>253,075</b>
<b>Operating loss (profit) for the period</b>	<b>(133,715)</b>	<b>(189,090)</b>
<b>Net loss (profit) for the period</b>	<b>(133,715)</b>	<b>(189,090)</b>
<b>Deficit, beginning of the period</b>	<b>8,955,261</b>	<b>9,684,101</b>
<b>Deficit, end of period</b>	<b>\$ 8,821,546</b>	<b>\$ 9,873,189</b>
<b>Basic loss (gain) per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>

Prepared without audit

**JNR RESOURCES INC.**

**STATEMENT OF CASH FLOWS**

**FOR THE QUARTER ENDED APRIL 30, 2007**

	<u>April 30, 2007</u>	<u>April 30, 2006</u>
<b>Cash flows from (used in) operating activities</b>		
Net income (loss) for the period	\$ 133,715	\$ (189,090)
Items not involving cash		
Stock based compensation expense	0	150,525
Future income tax liability	3,179,615	<u>0</u>
Amortization	<u>9,229</u>	<u>6,805</u>
	3,322,559	(31,760)
Cash provided by (invested in) non-cash working capital		
Decrease (increase) in term certificate	(14,575,000)	2,000,000
Decrease (increase) in marketable securities	0	0
Decrease (increase) in accounts receivable	(214,864)	(77,587)
Decrease (increase) in prepaids	(20,475)	(7,350)
Increase (decrease) in accounts payable and accrued liabilities	(455,807)	(294,785)
Increase (decrease) in due to director	<u>(10,236)</u>	<u>0</u>
	<b>(11,953,823)</b>	<b>1,588,518</b>
<b>Cash flows from (used in) financing activities</b>		
Issuance of share capital	<u>12,435,711</u>	<u>5,765,022</u>
	<b>12,435,711</b>	<b>5,765,022</b>
<b>Cash flows from (used in) investing activities</b>		
Mineral properties and rights	0	(69,645)
Deferred exploration expenses	(789,073)	(301,777)
Acquisition of capital assets	<u>(39,922)</u>	<u>(11,313)</u>
	<b>(828,995)</b>	<b>(382,735)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	(347,107)	6,977,612
Cash and cash equivalents, beginning of period	1,170,147	932,739
Cash and cash equivalents, end of period	<b>\$ 823,040</b>	<b>\$ 7,903,544</b>

Prepared without audit

**JNR Resources Inc.**

**SCHEDULE OF DEFERRED EXPLORATION COSTS**

**FOR THE QUARTER ENDED APRIL 30, 2007**

Prepared without audit

Property/ Project	Balance January 31, 2007	Geophysical Surveys	Drilling	Geologists Analyses & Report Preparation	Travel Camps & Accommodation	Total Costs	Cost Recovery	Cost Written Off	Balance April 30, 2007
Bell Lake	4,200								4,200
Black Lake	595,382								595,382
Crackingstone	188,747								188,747
Kelic Lake	7,365			3,000		3,000			10,365
Lazy Edward Bay	796,560			4,200		4,200			800,760
Moore Lake	5,175,745			14,700		14,700	(3,452)		5,186,993
Newnham Lake	621,564				3,749	3,749			625,313
North Athabasca	27,279								27,279
North Wedge	2,400								2,400
Pendleton	8,825			1,500		1,500			10,325
Rocky Brook	1,342,807	1,357		68,590	12,794	82,741			1,425,548
South Cigar	6,300			300		300			6,600
South Dufferin	6,300			1,500		1,500			7,800
South Fork	1,760			2,400		2,400			4,160
Way Lake	894,803	51,300	341,298	22,222	263,615	1,573,238			1,573,238
Yurchison	141,132								141,132
	<b>\$9,821,169</b>								<b>\$10,610,242</b>

## **JNR RESOURCES INC.**

### **Notes to Financial Statements**

**April 30, 2007**

#### **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 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.

##### *Cash Equivalents*

Cash equivalents usually consist of highly liquid investments which are readily convertible into cash with maturities of three months or less when purchased.

# JNR RESOURCES INC.

## Notes to Financial Statements April 30, 2007

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### 3. Significant Accounting Policies - continued

#### Mineral Properties, Rights and Deferred Exploration Costs

The Company follows the accepted accounting practice of capitalizing acquisition, exploration and development costs applicable to properties held. If the properties become productive the costs will be amortized over the anticipated production of the property. If the property is abandoned, the applicable costs will be written off.

Depletion of costs capitalized to properties will be recorded using the unit of production method based on estimated proven reserves as determined by independent engineers.

Management has determined each property or project to be a cost centre.

The costs capitalized represent those costs incurred to date and do not necessarily reflect present or future values.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as resource property costs or recoveries when the payments are made or received.

#### Equipment

The equipment is recorded at cost and amortized on a declining balance basis at the following annual rates:

Computer	30%
Equipment	20%
Automotive	30%

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

#### 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

## **JNR RESOURCES INC.**

### **Notes to Financial Statements April 30, 2007**

recognition of future tax benefits to the extent that realization of such benefits is more likely than not.

#### Stock-based Compensation

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 stock, the Company applies the fair value method. The fair value of stock options is determined by the *Black-Scholes Option Pricing Model* with assumptions for: weighted average risk-free interest rates; dividend yields; weighted-average volatility factors of the expected market price of the Company's Common Shares; and a weighted average expected life of the options. The fair value of direct awards of stocks is determined by the quoted market price of the Company's stock.

#### Basic and Diluted Loss Per Share

Loss per share amounts have been calculated and presented in accordance with the new recommendation of the Canadian Institute of Chartered Accountants. The new standard has been applied on a retroactive basis and had no impact on the amounts previously reported.

Basic earnings per share are computed by dividing the income (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.

#### Share Capital – Flow-through Shares

The Company provides certain share subscribers with a flow-through component for tax incentives available on qualifying Canadian exploration expenditures. The Company renounces the qualifying expenditures upon issuance of the respective flow-through common shares and accordingly is not entitled to the related taxable income deductions for such expenditures.

## **JNR RESOURCES INC.**

### **Notes to Financial Statements April 30, 2007**

#### **3. Significant Accounting Policies – continued**

##### Share Capital – Flow-through Shares - continued

The Company adopted, on a prospective basis, recommendations by the Emerging Issues Committee (“EIC”) of the CICA relating to the recording of flow-through shares. EIC 146 stipulates that future income tax liabilities resulting from the renunciation of qualified mineral expenditures by the Company from the issuance of flow-through shares are recorded as a reduction in share capital. Any corresponding realization of future income tax benefits resulting in the utilization of prior year losses available to the Company not previously recorded, whereby the Company did not previously meet the criteria for recognition, are reflected as part of the Company’s operating results during the year the expenses are renounced to the share subscribers.

##### Contributed Surplus

The fair value of certain stock options have been valued using the Black-Scholes option-pricing model. The fair value on the grant of these securities is added to contributed surplus. Upon exercise, the corresponding amount of contributed surplus related to the security is removed from contributed surplus and added to share capital.

#### **4. Term Certificate**

At April 30, 2007, the Company held \$18,675,000 in Guaranteed Investment Certificates. Subsequent to the quarter end \$875,000.00 was withdrawn and deposited to the bank. There are currently four Guaranteed Investment Certificates totaling \$17,800,000. Three GIC’s are earning a variable rate of interest which is currently at 4.0%. One certificate is for \$1,750,000 and matures on April 28, 2008, the second certificate is for \$8,375,000 and matures on March 24, 2008, and the third is for \$7,500,000 and matures on March 24, 2008. The fourth certificate is for \$175,000, matures on November 22, 2007 and is currently earning 3.5%.

#### **5. Mineral Properties, Rights and Deferred Exploration Costs**

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

## JNR RESOURCES INC.

### Notes to Financial Statements April 30, 2007

#### 5. Mineral Properties, Rights and Deferred Exploration Costs - continued

Property	Property Costs	Deferred Exploration Costs	Total Apr. 30/07	Total Jan. 31/07
Bell Lake Project		4,200	4,200	4,200
Black Lake Project	54,035	595,382	649,417	649,417
Crackingstone Project	29,199	188,747	217,946	217,946
Kelic Lake Project		10,365	10,365	7,365
Lazy Edward Bay Project	27,256	800,760	828,016	823,816
Moore Lake Project	72,684	5,186,993	5,259,677	5,248,429
Newnham Lake Project	53,106	625,313	678,419	674,670
North Athabasca Project	529	27,279	27,808	27,808
North Wedge Project		2,400	2,400	2,400
Pendleton Lake Project		10,325	10,325	8,825
Rocky Brook Project	318,250	1,425,548	1,743,798	1,661,057
South Cigar Project		6,600	6,600	6,300
South Dufferin Project		7,800	7,800	6,300
South Fork Project	25,512	4,160	29,672	27,272
Way Lake Project	122,824	1,573,238	1,696,061	1,017,627
Yurchison Lake Project	22,791	141,132	163,923	163,923
	<u>\$ 726,186</u>	<u>10,610,242</u>	<u>\$ 11,336,427</u>	<u>\$ 10,547,355</u>

In the ensuing text, Denison Mines Corp. (Denison) was formerly referred to as International Uranium Corporation (IUC).

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.

##### A. Newnham Lake Project

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

##### B. North Athabasca Project

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

## **JNR RESOURCES INC.**

### **Notes to Financial Statements**

**April 30, 2007**

#### **5. Mineral Properties, Rights and Deferred Exploration Costs - continued**

##### **C. Moore Lake Project**

Since 1998 the Company has acquired twelve claims totalling 35,705 ha. by staking in an area of the Athabasca Basin of Northern Saskatchewan known as the Moore Lake Project.

In December 2002, the Company and Kennecott Canada Exploration Inc. (KCEI) entered into a Reorganization Agreement, pursuant to which the Company could acquire all of KCEI's interest (50%) in the Moore Lake properties, by expending \$2,000,000 on exploration of the properties over the next five years. KCEI retains a 2.5% net smelter return royalty on the original claims that can be bought down by 1.25% by payment of \$1,000,000.

In October 2003, the Company granted to Denison an option to earn a 51% interest in the Moore Lake properties by incurring expenditures of \$2,000,000 on exploration, and by investing in the Company by way of private placement \$200,000 in the first two years. Denison also has the option to earn a further 24% interest by incurring additional expenditures of \$2,000,000 on exploration and by investing an additional \$200,000 in the Company in years three and four. Denison fulfilled all of its obligations under the option by September of 2005, and now holds a 75% interest in the properties.

##### **D. Lazy Edward Bay Project**

Since 1999 the Company has acquired by staking 12 claims totalling 48,310 ha. in an area of the Athabasca Basin of Northern Saskatchewan known as the Lazy Edward Bay Project.

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

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

##### **E. Bell Lake Project**

During 2003 the Company acquired by staking three claims totalling 8,939 ha. in Northern Saskatchewan known as the Bell Lake Project.

In December 2005, the Company and Denison 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' consists of ten mineral claims, totaling 30,767 ha. It includes the Company's original Bell Lake claims as well as the Company's La Rocque Lake claim, and all of Denison'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.

## **JNR RESOURCES INC.**

### **Notes to Financial Statements April 30, 2007**

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

##### **F. Black Lake**

During 2004 the Company acquired by staking ten claims totalling 41,783 ha. in an area of the Athabasca Basin, approximately 20 kilometres southeast of the town of Stony Rapids, Saskatchewan.

The Company holds a 100% unencumbered interest in this project.

##### **G. South Cigar**

During 2004, the Company acquired by staking five mineral claims totalling 17,653 ha. in the South Cigar area of Northern Saskatchewan. Denison can earn a 75% interest in the properties by paying staking and recording costs, and by incurring exploration expenditures of \$500,000 by April 30, 2007.

##### **H. Pendleton Lake**

During 2003, the Company acquired by staking three mineral claims totalling 12,819 ha. in the Pendleton Lake area of Northern Saskatchewan. Denison can earn a 75% interest in the properties by paying staking and recording costs and by incurring exploration expenditures of \$500,000 by April 30, 2007.

##### **I. Way Lake**

During 2004, the Company acquired by staking three mineral claims totalling 14,073 ha. in the Way Lake area, southeast of the Athabasca Basin of Northern Saskatchewan.

During 2006 the Company acquired by staking an additional fourteen mineral claims totalling 57,722 ha. in the Way Lake area.

The Company holds a 100% unencumbered interest in this project.

##### **J. Crackingstone**

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

The Company holds a 100% unencumbered interest in this project.

##### **K. Kelic Lake**

In November 2004, the Company staked four mineral claims totalling 20,686 ha. along the south central margin of the Athabasca Basin. Denison can earn a 51% interest in the properties by paying staking and recording costs and by incurring exploration expenditures of \$250,000 by April 30, 2007, and can earn a further 24% by incurring additional exploration expenditures of \$250,000 by April 30, 2008.

## **JNR RESOURCES INC.**

### **Notes to Financial Statements April 30, 2007**

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

##### **L. Rocky Brook**

In December 2004, the Company entered into an Agreement with Altius Minerals Corporation to option the Rocky Brook uranium property, located in western Newfoundland. JNR can earn an undivided 70% participating interest over 4 years by spending \$2,525,000 on exploration, including a minimum first year commitment of \$275,000. To exercise the Option, JNR will make an initial payment of 125,000 shares and may make optional cash or share payments totalling \$172,000.

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

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

In November 2004, the Company staked six mineral claims totalling 27,330 ha. along the south central margin of the Athabasca Basin. Denison can earn a 51% interest in the properties by paying staking and recording costs, and incurring exploration expenditures of \$250,000 by April 30, 2007, and can earn a further 24% by incurring additional exploration expenditures of \$250,000 by April 30, 2008.

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

In February 2004, the Company staked one mineral claim totalling 4,247 ha. southeast of the Cigar Lake uranium deposit. Denison can earn a 51% interest in the property by paying staking and recording costs and by incurring exploration expenditures of \$250,000 by April 30, 2008.

##### **O. South Fork**

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

##### **P. Yurchison Lake**

During 2006 the Company staked four claims totalling 12,660 ha. in the Yurchison Lake area, located 10 kilometres northeast of the Way Lake project, and 25 km southeast of the Athabasca Basin of Northern Saskatchewan.

The Company holds a 100% unencumbered interest in this project.

#### **6. Share Capital**

The Company is authorized to issue an unlimited number of Common Shares with no par value and 10,000,000 Convertible Preferred Shares with a par value of \$1 each. The Directors may deem the shares to be cumulative at date of issuance.

## JNR RESOURCES INC.

### Notes to Financial Statements

April 30, 2007

#### 6. Share Capital – Continued

As at April 30, 2007, 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, 2007	77,258,296	22,352,319
Private placement	3,885,300	16,380,495
For Property	0	0
Exercise of options	400,000	330,750
Exercise of warrants	0	0
Flow-through shares		0
Contributed surplus		0
Share issue costs		(1,098,616)
Future income tax liability		(3,179,615)
		<u>81,546,596</u>
<u>Balance April 30, 2007</u>	<u>81,546,596</u>	<u>\$34,791,031</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 April 30, 2007 is as follows:

	<u>Number of Shares</u>	<u>Weighted Average Exercise Price</u>
Outstanding January 31, 2007	2,900,000	1.29
Granted	0	
Exercised	(400,000)	
Outstanding April 30, 2007	<u>2,500,000</u>	

## JNR RESOURCES INC.

### Notes to Financial Statements April 30, 2007

#### 6. Share Capital – Continued

##### Options Granted

There were no options granted during the quarter ending April 30, 2007.

A summary of the status of the Company incentive stock option plan as at April 30, 2007 is as follows:

<u>Number of shares Under Option</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
400,000	0.55	July 22, 2009
150,000	1.09	January 11, 2010
975,000	0.82	June 19, 2010
50,000	0.79	March 8, 2011
150,000	1.07	October 2, 2011
775,000	2.62	January 12, 2012

2,500,000

##### Warrants

The Company raises funds by private placements, some of which were raised by the Company issuing units with each unit consisting of one Common Share and one Share Purchase Warrant entitling the holder to purchase one additional Common Share.

A summary of the status of the share purchase warrants is as follows:

<u>Number of Warrants</u>	<u>Purchase Price</u>	<u>Expiry Date</u>
173,913	1.16	August 23, 2007
<u>116,559</u>	3.80	September 22, 2008
290,472		

#### 7. Related Party Transactions

During the quarter ended April 30, 2007, the Company incurred charges from directors or companies sharing common directors as follows:

	<u>2007</u>
Exploration expenditures	\$ 40,200
Management fee	24,000
Office services	75
Shareholder relations	1,100
Travel	<u>918</u>
	\$ 66,293

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.

## **JNR RESOURCES INC.**

### **Notes to Financial Statements April 30, 2007**

#### **8. Financial Instruments**

The Company's financial instruments consist of cash and equivalents, term deposits, accounts receivable, prepaid expenses, 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 risk, currency or credit risk, arising from these financial instruments.

#### **9. Subsequent Event**

On May 14, 2007, the Company signed an option agreement with Uranium Power Corp. (UPC), whereby UPC can earn up to a 65% interest in the South Fork project, located to the east of the Cypress Hills in southwestern Saskatchewan. The terms of the agreement call for UPC to reimburse JNR for prior expenditures, not to exceed \$100,000, and to carry out \$1,500,000 of exploration by January 25, 2009 to earn a 50% interest in the property. UPC can then increase its interest to 65% by spending an additional \$1,000,000 on exploration activities by January 25, 2011. UPC will be the operator.

# **JNR RESOURCES INC.**

## **Notes to Financial Statements April 30, 2007**

### **NOTICE TO SHAREHOLDERS FOR THE THREE MONTHS ENDED APRIL 30, 2007 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, 2007 audited financial statements. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from those estimates. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the consolidated financial statements, management is satisfied that these consolidated financial statements have been fairly presented.

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

The auditor of JNR Resources Inc. has not performed a review of the unaudited financial statements for the three months ended April 30, 2007.

**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**JNR RESOURCES INC.**  
**QUARTER ENDED APRIL 30, 2007**

The following discussion and analysis of the financial condition and results of operations for JNR Resources Inc. has been prepared as of June 26, 2007 to provide additional information to that already provided in the unaudited interim financial statements for the quarter ended April 30, 2007 and related notes attached thereto.

The reader should also refer to the annual audited financial statements for the years ended January 31, 2007 and 2006, 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 \$20,033,140 at April 30, 2007 and is sufficiently financed to meet its operating needs and financial obligations for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing. Outstanding options and warrants should be exercised before expiry, providing additional cash flow for continuing operations. General market conditions in the past two years have made raising capital for junior exploration companies much easier than in the past.

The recoverability of amounts shown for mineral properties and rights is dependant upon the discovery of economically recoverable reserves, the ability of the company to obtain the necessary approvals and financing to complete the development, and future profitable production from the properties or proceeds from disposition.

Ownership in mineral interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising

from the frequently ambiguous conveyancing history characteristic of many mineral interests. The Company has investigated ownership of its mineral interests and, to the best of its knowledge, such ownership interests are in good standing.

## **Performance Summary**

### **Highlights**

During the quarter ending April 30, 2007, the Company continued to focus its activities on uranium exploration. The Company was involved in exploration activities on seven individual projects in the Athabasca Basin of Northern Saskatchewan, including diamond drilling on two of them. The outlook for the remainder of the year is even more aggressive, with exploration activities planned on eleven Saskatchewan projects, including diamond drilling on five of them. A diamond drilling program is also planned on the Rocky Brook option in Western Newfoundland.

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. During the quarter ended April 30, 2007, a 21-hole, 7,569 metre diamond drilling program was completed and two new grids were established and surveyed. Data interpretation is underway with plans for a summer/fall drilling campaign to be detailed once this work is complete.

On the Company's 100% owned **Way Lake** project four grids were established and surveyed including one over the 'Hook Lake' showing, where grab samples obtained last summer from a massive pitchblende vein returned 40.1% and 48% U<sub>3</sub>O<sub>8</sub>. A 700 line-kilometre airborne EM and magnetic survey was also completed. The planned 3,500 metre diamond drilling program was initiated late in the quarter and will be completed during the summer.

During the quarter ended April 30, 2007, 46 kilometres of linecutting, 51 kilometres of TDEM and 27 kilometres of HLEM were completed over five grids located southwest of Lazy Edward Bay to ground define airborne targets. A planned 3,500 metre diamond drilling program on the **Lazy Edward Bay** project is scheduled to be carried out during the summer/fall of 2007.

On the **Bell Lake** Joint Venture an extensive linecutting and ground geophysical program was completed. This will be followed up with a planned 3,000 metre summer diamond drilling program.

Interpretation of an airborne geophysical survey flown over the **South Dufferin** project was completed and identified multiple EM conductors in geologically favourable terrain. An extensive ground follow-up program is warranted.

During the quarter ended April 30, 2007, a number of linecutting and ground geophysical programs were also either initiated and/or completed on the **Pendleton Lake, Kelic Lake**

and **North Wedge** projects. Interpretation is underway with a planned 1,200 metre diamond drilling program scheduled for Pendleton, during the summer/fall of 2007.

Data interpretation from the 2006 summer/fall drilling and geophysical programs on the Company's **Rocky Brook** option in Newfoundland was underway, along with planning for the 2007 summer/fall drilling campaign.

### **Exploration Properties**

The Company currently contains sixteen mineral projects in its property portfolio. Details of these mineral properties including interests held are provided below. President, Richard Kusmirski, P.Geo., and Vice-President Exploration, David Billard, P.Geo., are qualified persons under NI 43-101 and have reviewed the technical disclosure herein.

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

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

There were no field activities carried out during the quarter ended April 30, 2007.

To April 30, 2007, the Company had incurred net acquisition costs of \$529 and exploration costs of \$27,279 in respect of the claim.

#### **(b) Moore Lake**

Since June of 1998 the Company has been acquiring by staking, and subsequently exploring for uranium, a number of mineral claims in the Moore Lake area of the south eastern Athabasca Basin of Northern Saskatchewan. The current land position consists of twelve claims totalling 35,705 hectares.

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 on the original claims that can be bought down by 1.25% by payment of \$1,000,000. 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 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. On September 12, 2005, IUC completed their earn-in.

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.

Over the past few years the Moore Lake property has been aggressively explored by the Company and its partners; largely in response to the discovery of significant high-grade uranium mineralization in April of 2000, within an extensive structural corridor referred to as the Maverick Zone. To January 31, 2006 exploration programs on the Maverick Zone and several additional and prospective conductive corridors on the property, totalled some 60,300 metres of diamond drilling in 168 holes. Also completed were 1,530 kilometres of airborne EM surveys, over 400 kilometres of linecutting, 500 kilometres of assorted ground EM surveys, 120 kilometres of gravity surveys, 80 kilometres of ground magnetic surveys, 23 kilometres of seismic surveys and a 9 kilometre CSAMT survey.

To the end of 2004, some of the better drill results from the Maverick 'Main' zone included; 4.01%  $U_3O_8$  over 4.7 meters (ML-48); 3.5%  $U_3O_8$  over 5.0 meters (ML-54); 5.14%  $U_3O_8$  over 6.2 meters (ML-55) and a grade equivalent of 4.03%  $U_3O_8$  over 10.0 meters; including a 1.4 meter intercept of 19.96%  $eU_3O_8$  from ML-61.

During 2005, 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.

Additional drilling on the 'Main' lens also continued to intersect high grade uranium mineralization. ML-83 assayed 1.81%  $U_3O_8$  over 11.1 metres, including 5.64%  $U_3O_8$  over 3.0 metres. 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-100 intersected 2%  $U_3O_8$  over 7.75 metres, including 4.54%  $U_3O_8$  and 3% nickel over 2.75 metres.

During the year ending January 31, 2007, the Company and Denison completed two drilling campaigns on the property. A winter drilling program which consisted of 38 holes comprising 14,548 metres and a summer program that consisted of 38 holes comprising 14,317 metres.

The winter program tested targets on a number of regional grids, as well as additional drilling on the '527' and '525' zones. 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.

Also 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.

The summer program focussed on targets identified by the winter program on the regional grids and on expanding the dimensions of the '527' zone and the Maverick Main zone. Infill drilling on the Maverick Main zone intersected uranium mineralization in all six holes, with high-grade intersections in three of them. ML-140 returned 3.20%  $U_3O_8$  over 6.5 metres including a 3.5-metre intercept of 5.25%  $U_3O_8$ , 2.1% nickel and 0.65% cobalt. ML-139 returned 1.23%  $U_3O_8$  over 8.5 metres, including a 1.5-metre intercept of 4.20%  $U_3O_8$ . The mineralization in both of these holes occurs at the unconformity and in the basal sandstone. Also at the Maverick Main zone, ML-133 intersected two zones of mineralization. A high-grade zone at the unconformity returned 2.72%  $U_3O_8$ , 2.30% nickel and 0.905% cobalt over 5.0 metres, including a 2.0-metre intercept of 4.25%  $U_3O_8$ . ML-133 also intersected mineralization in the basement associated with clay-altered graphitic pelites, returning 0.611%  $U_3O_8$  over 3.5 metres. Uranium mineralization was intersected in all three holes that tested the '527' area, with the best result obtained from ML-136 returning 0.50%  $eU_3O_8$  over 7.0 metres.

Significant results were obtained from several holes that tested the minimum 4.0-kilometre long conductive zone on the Avalon grid. Of particular interest was ML-850, which represents the first-pass drilling of a 1.0-kilometre segment of the zone. It intersected a broad 25-metre wide zone of highly anomalous radioactivity located well beneath the unconformity. Extensive structural disruption and/or anomalous geochemistry were intersected in the majority of holes that tested other target areas. Follow up drilling is planned on a number of highly prospective targets.

The Companies are pleased with the results, which continue to outline uranium mineralization in the Maverick Main zone and demonstrate the highly prospective nature of the 6.5-kilometre long Maverick structural corridor, over 50% of which has yet to be drill tested, and the Avalon conductive zone.

During the quarter ended April 30, 2007, a winter exploration program consisting of 7,569 metres (21 holes) of diamond drilling with two drills, and 127 kilometres of linecutting and TDEM was completed. Two new grids; the Otter and Esker, were established over prospective targets identified during a review of historic work. Most of

the analytical results from the drilling program have been received. Data interpretation is underway as well as planning for a 2007 summer/fall drilling campaign. Details will be released once all of the results have been received.

The Joint Venture has budgeted \$5.0 million for exploration of the Moore Lake property in 2007. Additional exploration activities that will be carried out during the second quarter include a property-wide airborne resistivity and magnetic survey (AeroTEM) and 36 kilometres of linecutting and Titan24 DC/IP surveying between the Maverick Main zone and the Esker grid.

To April 30, 2007, the Company had incurred net acquisition costs of \$72,684 and exploration costs of \$5,186,993 in respect of the claims.

### **(c) Lazy Edward Bay**

Since December of 1999 the Company has been acquiring by staking, and subsequently exploring for uranium, a number of mineral claims in the Lazy Edward Bay area of the Athabasca Basin of Northern Saskatchewan. The current land position consists of twelve claims totalling 48,310 hectares.

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 on the original claims that can be bought down by 1.25% by payment of \$1,000,000.

On October 23, 2003, the Company and IUC (Denison) signed a Letter Agreement, whereby IUC (Denison) 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.

During 2005 a compilation of historical work was completed and a 1,500-line kilometre airborne EM and magnetic survey was flown over the south central portion of the project lands.

During the year ending January 31, 2007, a 50-kilometre linecutting and 35-kilometre ground EM program were completed over some of the more prominent airborne anomalies. The results indicated three prominent north-northeast trending conductors in the Tommy Davis Bay area. A 1,800-line kilometre airborne EM and magnetic survey was completed over the westernmost claims.

During the quarter ended April 30, 2007, a winter exploration program consisting of 46 kilometres of linecutting, 51 kilometres of TDEM and 27 kilometres of HLEM was carried out southwest of Lazy Edward Bay to ground define targets identified by the

airborne survey. In total five grids were established and surveyed. Interpretation is ongoing. Permitting for a planned 3,500 metre summer/fall diamond drilling program is currently underway. It will focus on the Tommy Davis Bay conductors. The 2007 exploration program is budgeted at \$1.0 million.

To April 30, 2007, the Company had incurred net acquisition costs of \$27,256 and exploration costs of \$800,760 in respect of these claims.

**(d) Pendleton Lake**

The Pendleton Lake uranium property was acquired by staking in December of 2003. It consists of the three mineral claims totalling 12,819 hectares located 40 kilometres southeast of the Athabasca Basin proper. Denison can earn a 75% interest in the project by paying staking and recording costs, and by incurring exploration expenditures of \$500,000 by April 30, 2007.

During 2004, a 510-line kilometre airborne GEOTEM survey was completed over the project lands, along with a reconnaissance-scale surficial geology mapping and sampling program. The results of the airborne survey 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 2005, a prospecting, boulder sampling and till/soil sampling program was completed. The results however were inconclusive, in part because the scale of the programs was only of nominal extent.

During the quarter ended April 30, 2007, a linecutting and ground geophysical program was initiated. Three grids will be established over two prominent airborne conductors. This will be followed up by a planned 1,200 metres of diamond drilling in late summer/fall. The 2007 exploration program is budgeted at \$425,000.

To April 30, 2007, the Company had incurred exploration costs of \$10,325 in respect of these claims.

**(e) Bell Lake**

The Bell Lake Joint Venture was constituted on December 19, 2005. It 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 Denison; and all of Denison'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 Bell Lake project consists of ten mineral claims totalling 30,767 hectares. These properties are proximal to Cameco's La Rocque Lake uranium zone, located in the south eastern part of the Athabasca Basin.

During the year ending January 31, 2007, an exploration program consisting of 146 kilometres of linecutting and boulder sampling was completed. In total, 644 Athabasca sandstone composite samples were collected at 150 metre spacing, along lines spaced 2 kilometres apart. Interpretation of the results is underway.

During the quarter ended April 30, 2007, a winter program consisting of 100 kilometres of linecutting, 145 kilometres of TDEM and 290 kilometres of ground magnetics was completed. Interpretation is underway. A planned 3,000 metre summer diamond drilling program will test some of the better targets.

To April 30, 2007, the Company had incurred exploration costs of \$4,200 in respect of these claims.

**(f) South Cigar**

The South Cigar project was initiated in February of 2004 and is located 20 kilometres south-southeast of Cameco's Cigar Lake uranium deposit. The initial three claims were staked in February of that year. During the year, two additional claims were staked such that the project now consists of five mineral claims totalling 17,653 hectares. Denison 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.

During 2004, a 243-line kilometre airborne GEOTEM survey was completed over the project lands. This survey outlined a feature interpreted to represent a deep seated basement conductor.

During the year ending January 31, 2007, the anomalous airborne results were followed up by an exploration program consisting of 80 kilometres of linecutting and 60 kilometres of ground EM surveys. This program identified potential sandstone structures.

There were no field activities carried out during the quarter ended April 30, 2007. An airborne resistivity and magnetic survey budgeted at \$150,000, is scheduled to be flown during the second quarter of 2007.

To April 30, 2007, the Company had incurred exploration costs of \$6,600 in respect of the claims.

**(g) Black Lake**

The Company holds a 100% unencumbered interest in this project which consists of ten mineral claims totalling 41,783 hectares. Six claims were staked in March of 2004; four

in October, 2004. 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.

The property 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 (Centennial zone), located some 225 kilometres to the southwest.

During 2004, a 1,400 line-kilometre airborne magnetic and MEGATEM survey was flown over the property. This survey identified several anomalous electromagnetic (EM) and ground magnetic responses. The interpreted EM conductors are anywhere from two to eight kilometres in length.

During the year ending January 31, 2007, an exploration program consisting of 190 kilometres of linecutting and ground EM surveys was completed. A number of potential bedrock conductors have been interpreted. Drill testing of same will likely be carried out during the winter of 2007-08.

There were no field activities carried out during the quarter ended April 30, 2007. Planning of future programs is underway.

To April 30, 2007, the Company had incurred net acquisition costs of \$54,035 and exploration costs of \$595,382 in respect of these claims.

#### **(h) Greywacke Claims**

During the year ending January 31, 2007, the Company signed a letter of intent with Golden Band Resources Inc. (GB) whereby GB could acquire the Company's interest in the Greywacke gold 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.

The Company is pleased with this arrangement, which allows JNR to focus its exploration efforts 100% on its uranium projects.

#### **(i) Way Lake**

The Company holds a 100% unencumbered interest in this project which consists of seventeen contiguous mineral claims totalling 71,795 hectares, and is located 20 kilometres southeast of the Athabasca Basin proper. Three claims were staked in May of 2004; the remaining fourteen were staked in August, September and October of 2006, in light of encouraging results from the ongoing exploration program.

During the year ending January 31, 2007, the Company carried out a reconnaissance-scale exploration program both on and off property, consisting of prospecting and geological mapping.

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, 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.

The staking program in the fall of 2006, covered 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. Of note are some 50 kilometres of arcuate and structurally displaced conductors in the southwest portion of the property. The Hook Lake showing itself occurs in a magnetic low, adjacent to a magnetic high.

During the quarter ended April 30, 2007, a detailed 700 line-kilometre VTEM survey was carried out over the Hook Lake showing and previously unsurveyed southeastern claims. Interpretation is underway. Also underway was a winter program consisting of approximately 100 kilometres of linecutting, HLEM and ground magnetics. In total, four separate grids will be surveyed. A 3,500 metre diamond drilling program was initiated late in the quarter. Due to contractor delays, the bulk of the drilling will be carried out in the summer and should be underway again in early July. The 2007 exploration program is budgeted at \$1.0 million and will also include an extensive prospecting and soil sampling program to be completed during the summer.

To April 30, 2007, the Company had incurred net acquisition costs of \$122,824 and exploration costs of \$1,573,238 in respect of these claims.

#### **(j) Crackingstone**

The Crackingstone property was acquired by staking in July of 2004. It consists of four mineral claims totalling 10,665 hectares, located in the Uranium City area, adjacent to the north rim of the Athabasca Basin. 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 year ending January 31, 2007, the Company flew a 1,350-line kilometre helicopter-borne VTEM survey over the project lands.

There were no field activities carried out during the quarter ended April 30, 2007. Interpretation of the airborne survey was nearing completion.

To April 30, 2007, the Company had incurred net acquisition costs of \$29,199 and exploration costs of \$188,747 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. This project comprises approximately 11,000 hectares in size and covers the northeast margin of the Carboniferous Deer Lake Basin 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.

During 2005, a diamond drilling program was carried out on the Rocky Brook uranium property in search of the source of high-grade mineralized boulders found on the project lands. This reconnaissance-scale 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.

Very encouraging results were obtained from several of the 40 reconnaissance holes that tested the Wigwam Brook boulder field. Drilling returned anomalous radiometric intervals (over 1,000 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.

During the year ending January 31, 2007, an exploration program consisting of a 1,100-line kilometre high resolution radiometric, magnetic and electromagnetic airborne survey was carried out, along with a 2,881 metre diamond drilling program comprising 65 short holes.

The airborne survey 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. The drilling program followed up the encouraging results from the 2005 program and also tested notable geophysical targets identified by the airborne survey.

There were no field activities carried out during the quarter ended April 30, 2007. Most of the analytical results from the drilling program have been received. Data interpretation is underway as well as planning for the 2007 summer/fall drilling campaign. Details will be released once all of the results have been received and the 2007 program finalized.

To April 30, 2007, the Company had incurred net acquisition costs of \$318,250 and exploration costs of \$1,425,548 in respect of these claims.

#### **(l) Kelic Lake**

The Kelic Lake uranium property was acquired by staking in November of 2004. It consists of four mineral claims totalling 20,686 hectares, located along the south central margin of the Athabasca Basin. Denison can earn a 51% interest in the properties by paying staking and recording costs, and by incurring exploration expenditures of \$250,000 by April 30, 2007, and can earn a further 24% interest by incurring additional exploration expenditures of \$250,000 by April 30, 2008.

During 2005, a 975-line kilometre airborne EM and magnetic survey was completed. A number of conductive and structural targets were identified.

During the quarter ended April 30, 2007, a winter exploration program budgeted at \$500,000 and consisting of 110 kilometres of linecutting and ground EM surveys was completed, over targets identified by the airborne survey. In total four grids were surveyed. Interpretation is underway.

To April 30, 2007, the Company had incurred exploration costs of \$10,365 in respect of these claims.

#### **(m) South Dufferin**

The South Dufferin uranium property was acquired by staking in November of 2004. It consists of six mineral claims totalling 27,330 hectares, located along the south central margin of the Athabasca Basin. Denison can earn a 51% interest in the properties by paying staking and recording costs, and by incurring exploration expenditures of

\$250,000 by April 30, 2007, and can earn a further 24% interest incurring additional exploration expenditures of \$250,000 by April 30, 2008.

The property covers the Virgin River shear, a major mineralized structural zone.

During 2005, a 1,200-line kilometre airborne EM and magnetic survey was completed.

There were no field activities carried out during the quarter ended April 30, 2007. Interpretation of the airborne survey was completed and indicates numerous conductors, many exhibiting correlation with linear magnetic features. Some seventeen 'zones of interest' have been identified. Most of the conductors are north-northeast trending and occur in the western half of the project in areas interpreted to be structurally complex. Plans for ground follow-up will be released when they are finalized.

To April 30, 2007, the Company had incurred exploration expenses of \$7,800.

#### **(n) North Wedge**

The North Wedge property was acquired by staking in February of 2004. It consists of one mineral claim totalling 4,247 hectares, located southeast of the Cigar Lake uranium deposit. Denison can earn a 51% interest in the property by paying the staking and recording costs, and by incurring exploration expenditures of \$250,000 by April 30, 2008.

During the quarter ended April 30, 2007, a winter exploration program consisting of 104 kilometres of linecutting and ground magnetics and 12 kilometres of HLEM surveying was completed. The HLEM survey was suspended due to adverse conditions. Interpretation is underway.

To April 30, 2007, the Company had incurred exploration expenses of \$2,400.

#### **(o) Newnham Lake**

The Company has a 100% unencumbered interest in this project which consists of eight mineral claims totaling 27,723 hectares and located along the northeastern margin of the Athabasca Basin, approximately 50 kilometres east of the historic Nisto uranium deposit. The initial 'core' claim was acquired by staking in February of 1997, with the remaining claims being staked throughout 2005.

During 2005, the Company flew a 1,550-line kilometre airborne EM and magnetic survey 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.

During the year ending January 31, 2007, the anomalous airborne results were followed up by an exploration program consisting of 110-kilometre of linecutting and ground EM. A 900-line kilometer helicopter-borne DIGHEM EM survey was also flown over the two northeastern claims.

There were no field activities carried out during the quarter ended April 30, 2007. Interpretation of the airborne survey was ongoing.

To April 30, 2007, the Company had incurred net acquisition costs of \$53,106 and exploration costs of \$625,313 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 to the east of the Cypress Hills in southwestern Saskatchewan. These properties were acquired in January, 2006, because of their potential to host roll-front uranium deposits, akin to those found in the prolific Powder River Basin in Wyoming.

There were no field activities carried out during the quarter ended April 30, 2007. The Company was however in discussions with interested parties with respect to a potential property option.

To April 30, 2007, the Company had incurred net acquisition costs of \$25,512 and exploration costs of \$4,160 in respect of these claims.

**(q) Yurchison Lake**

The Yurchison Lake property was acquired by staking in August of 2006, in light of encouraging results from the summer exploration program. The project consists of four mineral claims totaling 12,660 hectares and is located in the Yurchison Lake area, some ten kilometres northeast of the Way Lake project and 25 kilometres southeast of the Athabasca Basin proper. The Company has a 100% unencumbered interest in these properties.

During the year ending January 31, 2007, a reconnaissance-scale exploration program was carried out over what was then open ground. 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. These encouraging results lead to the staking of the project lands. An 800-line kilometer helicopter-borne VTEM survey was then completed over the property.

There were no field activities carried out during the quarter ended April 30, 2007. Interpretation of the airborne survey was ongoing. Plans for a summer exploration program will be released when they are finalized.

To April 30, 2007, the Company had incurred net acquisition costs of \$22,791 and exploration costs of \$141,132 in respect of these claims.

### Selected Annual Information

	Year ended Jan. 31/07	Year ended Jan. 31/06	Year ended Jan. 31/05
Total revenues	3,308,185	790,033	250,063
Net loss (income)	(728,840)	801,304	1,033,038
Basic & diluted (loss) gain per share	\$0.01	(\$0.01)	(\$0.02)
Total assets	16,576,892	9,803,260	7,983,437
Total long-term liabilities	0	0	0
Cash dividends	0	0	0

Revenue for the years ended January 31, 2007, 2006 and 2005 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, 2007 were significantly higher than those for the previous years due to a recovery of future income tax recorded at \$2,280,000. This also resulted in a net profit for the year of \$728,840 compared to net losses in the previous years.

### Summary of Quarterly Results

The following quarterly financial data is derived from the interim, unaudited financial statements of JNR Resources Inc. as at and for the three month periods ended on the dates indicated below. This information should be read in conjunction with the Company's interim, unaudited financial statements and the accompanying Notes.

	Apr. 30/07	Jan. 31/07	Oct. 31/06	July 31/06
Total assets	31,859,893	16,576,892	15,721,732	15,685,789
Mineral properties & deferred costs	11,336,428	10,547,355	9,402,581	7,165,536
Working capital (deficiency)	20,033,140	5,103,863	5,895,679	8,064,768
Shareholders' equity	28,354,851	15,785,423	15,422,520	15,356,163
Revenues	399,027	2,497,555	295,162	262,393
Net loss (Profit)	(133,715)	(1,155,805)	234,993	2,882
Loss (earnings) per share	(\$0.00)	(\$0.01)	\$0.00	\$0.00

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

## Results of Operations

The net profit for the quarter ended April 30, 2007 was \$133,715 compared to a net loss of \$189,090 reported April 30, 2006. The difference is attributed mainly to the following: stock compensation expense was \$0 (\$150,525 in 2006), amortization was \$9,229 (\$6,805 in 2006), consulting expenses were \$4,500 (\$4,900 in 2006), filing fees expensed were \$6,825 (\$2,450 in 2006), management fees were \$24,000 (\$24,000 in 2006), insurance expense was \$696 (\$950 in 2006), premises expenses were \$10,670 (\$6,540 in 2006), professional fees were \$11,359 (\$1,040 in 2006), property examinations were \$4,589 (\$17,084 in 2006), recoverable field expenses were \$40,005 (\$63,436 in 2006), shareholder communication and promotion expenses were \$29,833 (\$39,627 in 2006), training expenses were \$3,200 (\$0 in 2006), travel and accommodation expenses were \$10,258 (\$18,857 in 2006), and wages and benefits in 2007 were \$94,486 (\$92,384 in 2006). Revenues for the quarter were \$399,027 in 2007 and \$253,075 in 2006.

The net profit of \$1,155,805 for the quarter ended January 31, 2007 is a substantial increase over the net loss of \$93,215 reported January 31, 2006. The difference is attributed mainly to the following: recovery of future income tax recorded for \$2,280,000 (\$0 in 2006), interest income was \$71,242 (\$21,759 in 2006), income for mineralogical services was \$0 (\$23,120 in 2006), other income was (\$50,074) (\$37,220 in 2006), loss on marketable securities was \$0 (\$8,650 in 2006), consulting expenses were \$5,750 (\$10,300 in 2006), directors fees expensed were \$0 (\$2,000 in 2006), filing fees were \$3,718 (\$13 in 2006), management fees were \$24,000 (\$31,800 in 2006), recoverable field expenses were \$63,361 (\$51,050 in 2006), stock compensation expense of \$1,054,450 (\$0 in 2006), wages and benefits were \$72,410 (\$60,660 in 2006), and gain on sale of property was \$103,725 (\$0 in 2006).

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 of 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).

### Liquidity and Capital Resources

	April 30, 2007	January 31, 2006
Current Assets	20,358,567	4,618,670
Current Liabilities	<u>325,427</u>	<u>403,173</u>
Working Capital	20,033,140	4,215,497

At April 30, 2007, the Company held \$18,675,000 in Guaranteed Investment Certificates. Subsequent to the quarter end \$875,000.00 was withdrawn and deposited to the bank. There are currently four Guaranteed Investment Certificates totaling \$17,800,000. Three GIC's are earning a variable rate of interest which is currently at 4.0%. One certificate is for \$1,750,000 and matures on April 28, 2008, the second certificate is for \$8,375,000 and matures on March 24, 2008, and the third is for \$7,500,000 and matures on March 24, 2008. The fourth certificate is for \$175,000, matures on November 22, 2007 and is currently earning 3.5%.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable. The fair value of these financial instruments approximates their carrying values, unless otherwise noted. The Company is not exposed to significant interest, currency, or credit risk arising from financial instruments

The Company has sufficient funds to meet its operating needs and financial obligations for the ensuing year, as well as to continue exploration programs both planned and currently in progress. All of the Company's mineral properties are currently in good standing with work planned on those that require it.

### Related Party Transactions

During the quarter ended April 30, 2007, the Company incurred charges from directors or companies sharing common directors as follows:

	<u>2007</u>
Exploration expenditures	\$ 40,200
Management fee	24,000
Office services	75
Shareholder relations	1,100
Travel	<u>918</u>
	\$ 66,293

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

### Share Capital, Options and Warrants

The Company is authorized to issue an unlimited number of Common Shares with no par value and 10,000,000 Convertible Preferred Shares with a par value of \$1 each. The Directors may deem the shares to be cumulative at date of issuance.

At April 30, 2007, 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, 2007	77,258,296	22,352,319
Private placement	3,885,300	16,383,193
For Property	0	0
Exercise of options	400,000	330,750
Exercise of warrants	0	0
Flow-through shares		0
Contributed surplus		0
Share issue costs		(1,098,616)
Future income tax liability		(3,179,615)
<u>Balance April 30, 2007</u>	<u>81,546,596</u>	<u>\$34,791,031</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 April 30, 2007 is as follows:

	<u>Number of Shares</u>	<u>Weighted Average Exercise Price</u>
Outstanding January 31, 2007	2,900,000	1.29
Granted	0	
Exercised	(400,000)	
Outstanding April 30, 2007	<u>2,500,000</u>	

### Options Granted

There were no options granted during the quarter ending April 30, 2007.

A summary of the status of the Company incentive stock option plan as at April 30, 2007 is as follows:

<u>Number of shares Under Option</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
400,000	0.55	July 22, 2009
150,000	1.09	January 11, 2010
975,000	0.82	June 19, 2010
50,000	0.79	March 8, 2011
150,000	1.07	October 2, 2011
<u>775,000</u>	<u>2.62</u>	<u>January 12, 2012</u>

2,500,000

### Warrants

The Company raises funds by private placements, some of which were raised by the Company issuing units with each unit consisting of one Common Share and one Share Purchase Warrant entitling the holder to purchase one additional Common Share.

A summary of the status of the share purchase warrants is as follows:

<u>Number of Warrants</u>	<u>Purchase Price</u>	<u>Expiry Date</u>
173,913	1.16	August 23, 2007
<u>116,559</u>	3.80	September 22, 2008
290,472		

## **Changes in Accounting Policies**

### **Stock-based Compensation Plan**

Effective February 1, 2003, the Company adopted a new standard for the accounting for stock-based and other stock-based payments as recommended by the Canadian Institute of Chartered Accountants (CICA 3870).

As permitted by CICA 3870, the Company has applied the new recommendation prospectively only to awards granted on or after February 1, 2003. For stock option awards granted and all direct awards of stock, the Company applies fair value method. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for: weighted average risk-free interest rates; dividend yields; weighted-average volatility factors of the expected market price of the Company's Common Shares; and a weighted average expected life of the options. The fair value of direct awards of stocks is determined by the quoted market price of the Company's stock.

### **Subsequent Events**

On May 14, 2007, the Company signed an option agreement with Uranium Power Corp. (UPC), whereby UPC can earn up to a 65% interest in the South Fork project, located to the east of the Cypress Hills in southwestern Saskatchewan. The terms of the agreement call for UPC to reimburse JNR for prior expenditures, not to exceed \$100,000, and to carry out \$1,500,000 of exploration by January 25, 2009 to earn a 50% interest in the property. UPC can then increase its interest to 65% by spending an additional \$1,000,000 on exploration activities by January 25, 2011. UPC will be the operator.

### **Internal Controls and Procedures**

The Company evaluated the design of its internal controls and procedures over financial reporting as defined under the Multilateral Instrument 52-109 for the fiscal period ended April 30, 2007.

The Company identified certain material weaknesses and the need for improvement of policies, controls and procedures in areas such as the segregation of duties, taxation and awareness of the accounting implications of certain transactions and decisions. These weaknesses and their related risks are not uncommon in a company the size of JNR Resources Inc., because of limitations of size and number of staff.

Management is taking steps to further analyze areas of weakness, improve controls and reduce risks by taking active steps to design and implement procedures, including written documentation of these procedures and where appropriate retaining external independent advice on certain key accounting, taxation and legal issues, as the Company does not presently have internal personnel with all of the technical accounting or legal knowledge to address the more complex issues. While these measures may reduce the likelihood of

a material misstatement or untimely disclosure in financial reporting, there is no assurance that a material misstatement will not occur.

**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