

**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, 2009**

**JNR RESOURCES INC.**  
**BALANCE SHEET AS AT OCTOBER 31, 2009**

	<u>October 31, 2009</u>	<u>January 31, 2009</u>
<b>ASSETS</b>		
<b>Current</b>		
Cash and equivalents	\$ 82,938	\$ 297,519
Term certificate	2,105,000	3,770,000
Accounts receivable	447,928	533,239
Marketable securities	62,530	40,057
Prepaid expense	169,214	204,008
	2,867,610	4,844,823
<b>Capital assets</b>	1,400,136	1,663,800
<b>Deferred exploration costs</b>	27,969,607	25,643,270
<b>Mineral properties and rights</b>	1,209,746	1,182,915
	\$ 33,447,099	\$ 33,334,808
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 358,427	\$ 30,593
Deposit on equipment sale	1,269,137	1,057,387
	1,627,564	1,087,980
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	36,882,750	37,658,350
Contributed surplus	3,922,930	3,566,930
Deficit	(8,986,145)	(7,978,452)
	31,819,535	33,246,828
	\$ 33,447,099	\$ 34,334,808
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 OCTOBER 31, 2009**

	<u>Year-to-Date 2009</u>	<u>Year-to-Date 2008</u>	<u>3rd Quarter 2009</u>	<u>3rd Quarter 2008</u>
<b>Administration costs</b>				
Amortization	\$ 264,363	\$ 268,131	\$ 88,121	\$ 90,085
Bank charges	1,618	2,242	371	731
Consulting	45,600	22,100	25,700	6,900
Dues and memberships	2,100	486	0	0
Equipment lease	4,569	6,612	760	1,905
Equipment repairs & maintenance	236	3,715	0	2,013
Filing fees	9,390	19,910	2,845	6,365
General meeting	8,764	8,433	20	19
Insurance	2,584	7,387	268	0
Management fees	72,000	72,000	24,000	24,000
Office expense	19,064	27,052	6,774	4,851
Premises rent	52,790	49,905	18,090	15,570
Professional fees	8,324	7,624	6,378	3,633
Recoverable field expenses	11,244	18,310	11,244	0
Research	5,500	47,446	0	0
Shareholder communication & promotion	49,859	71,933	17,087	23,517
Software support	10,242	16,771	9,591	8,860
Stock compensation	356,000	960,000	0	0
Telecommunications	6,503	8,213	1,800	2,660
Training	7,505	16,865	1,818	0
Transfer agent	10,277	9,667	2,902	2,917
Travel and accommodation	60,417	60,162	20,546	21,715
Wages and benefits	233,912	216,074	59,934	59,561
<b>Operating costs for the year</b>	<b>1,242,861</b>	<b>1,921,038</b>	<b>298,249</b>	<b>275,302</b>
Recovery of expenses	244	6,875	244	0
Project management income	36,500	107,896	20,000	0
Administrative overhead	6,161	108,285	4,468	(22,945)
Miscellaneous income	0	16,934	0	0
Unrealized gain on investments	22,473	0	(8,780)	0
Interest income	72,290	566,665	3,265	48,156
<b>Loss (income) before taxes</b>	<b>1,105,193</b>	<b>1,114,383</b>	<b>279,052</b>	<b>250,091</b>
Future income tax recovery	97,500	0	0	0
<b>Net loss (income) for the year</b>	<b>1,007,693</b>	<b>1,114,383</b>	<b>279,052</b>	<b>250,091</b>
<b>Deficit, beginning of the period</b>	<b>7,978,452</b>	<b>6,657,127</b>	<b>8,707,093</b>	<b>7,521,419</b>
<b>Deficit, end of period</b>	<b>8,986,145</b>	<b>7,771,510</b>	<b>8,986,145</b>	<b>7,771,510</b>
<b>Basic loss (gain) per share</b>	<b>\$ (0.011)</b>	<b>\$ (0.014)</b>	<b>\$ (0.003)</b>	<b>\$ (0.003)</b>

Prepared without audit

**JNR RESOURCES INC.**

**STATEMENT OF CASH FLOWS**

**FOR THE QUARTER ENDED OCTOBER 31, 2009**

	<u>Year-to-Date</u> <u>2009</u>	<u>Year-to-Date</u> <u>2008</u>	<u>3<sup>rd</sup> Quarter</u> <u>2009</u>	<u>3<sup>rd</sup> Quarter</u> <u>2008</u>
<b>Cash flows from (used in) operating activities</b>				
Net income (loss) for the period	\$ (1,007,693)	\$(1,114,383)	\$ (279,052)	\$ (250,091)
Items not involving cash				
Stock based compensation expense	356,000	960,000	0	0
Amortization	264,363	268,131	88,121	90,085
Future income tax recovery	(97,500)	0	0	0
	<b>(484,830)</b>	<b>113,748</b>	<b>(190,931)</b>	<b>(160,006)</b>
Cash provided by (invested in) non-cash working capital				
Decrease (increase) in term certificate	1,665,000	9,350,000	375,000	3,180,000
Decrease (increase) in accounts receivable	83,873	218,593	(123,089)	176,198
Decrease (increase) in prepaids	34,794	(6,974)	(14,511)	179,650
Decrease (increase) in marketable securities	(22,473)	0	8,780	0
Increase (decrease) in accounts payable and accrued liabilities	541,023	825,577	357,625	(313,285)
	<b>1,817,387</b>	<b>10,500,944</b>	<b>412,874</b>	<b>3,062,557</b>
<b>Cash flows from (used in) financing activities</b>				
Issuance of share capital	321,900	23,750	0	23,750
	<b>321,900</b>	<b>23,750</b>	<b>0</b>	<b>23,750</b>
<b>Cash flows from (used in) investing activities</b>				
Mineral properties and rights	(26,831)	(23,750)	0	(23,750)
Deferred exploration expenses	(2,326,337)	(9,891,684)	(694,653)	(3,341,704)
Acquisition of capital assets	(700)	(601,221)	0	(9,792)
	<b>(2,353,868)</b>	<b>(10,516,655)</b>	<b>(694,653)</b>	<b>(3,375,246)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	(214,581)	8,039	(281,779)	(288,939)
<b>Cash and cash equivalents, beginning of period</b>	297,519	152,992	364,717	449,970
<b>Cash and cash equivalents, end of period</b>	<b>\$ 82,938</b>	<b>\$ 161,031</b>	<b>\$ 82,938</b>	<b>\$ 161,031</b>

Prepared without audit

**JNR Resources Inc.**

**SCHEDULE OF DEFERRED EXPLORATION COSTS**

**FOR THE QUARTER ENDED OCTOBER 31, 2009**

Prepared without audit

Property/ Project	Balance July 31, 2009	Geochem/ Analyses	Geophysical Survey	Drilling	Geologists Analyses & Report Prep.	Travel Camps & Accommod- ation	Project Admin	Total Costs	Cost Written Off	Balance Oct. 31, 2009
Bell Lake	857,772									857,772
Black Lake	2,030,691	500	2,100	700	7,350			10,650		2,041,341
Crackingstone	329,523		700					700		330,223
Kelic Lake	29,581		(177)					(177)		29,404
Lazy Edward Bay	1,657,171		1,050		700			1,750		1,658,921
Moore Lake	6,663,517		700		10,100	2,536	1,194	14,530		6,678,047
Newnham Lake	1,019,447	1,000	4,934	700	2,697			9,331		1,028,778
North Wedge	81,082									81,082
Pendleton	135,598		(2,829)		88			2,741		132,857
Rocky Brook	2,502,952	3,150	4,537	216,146	39,694	58,287	22,500	344,314		2,847,266
Snowbird	6,486		1,750		960			2,710		9,196
South Cigar	71,386				(1,726)		(173)	(1,899)		69,487
South Dufferin	213,144		1,750		700			2,450		215,594
South Fork	0									0
Topsails	648,043	64,163	8,000		9,731	122,286	12,767	216,947		864,990
Way Lake	9,125,775	11,152		43,755	35,924	1,006		91,837		9,217,612
Yurchison	1,902,787	2,950			1,300			4,250		1,907,037
	<b>\$27,274,955</b>									<b>\$27,969,607</b>

## **JNR RESOURCES INC.**

### **Notes to Financial Statements October 31, 2009**

#### **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 Company's ability to continue as a going concern is contingent on its ability to obtain additional equity financing. However, the current financial equity market conditions and the low price of the Company's common shares make it difficult to raise funds by private placements of shares.

The amounts shown as mineral properties and related deferred costs represent costs net of recoveries to date, less amounts written off, and do not represent present or future values. Recoverability of the amounts shown for mineral properties is dependent upon the discovery of economically recoverable mineral reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain financing necessary to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests.

#### **2. Nature of Operations**

JNR Resources Inc. is incorporated extra-provincially in Alberta, Saskatchewan, and British Columbia and has shares listed on the TSX Venture Exchange.

The Company 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 of 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.

To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

## **JNR RESOURCES INC.**

### **Notes to Financial Statements October 31, 2009**

#### **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. See Note 6.

##### Mineral Properties and 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 a resource property cost or recoveries when the payments are made or received.

Management of the Company reviews and evaluates the carrying value of each mineral property for impairment when events or changes in circumstances indicate that the carrying amounts of the related asset may not be recoverable. If the total estimated future cash flow on an undiscounted basis is less than the carrying value of the asset, an impairment loss is measured and the asset is written down to fair value which is normally based on the discounted value of future cash flows. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether carrying value can be recovered by considering alternative methods of determining fair value. When it is determined that a mineral property is impaired, it is written down to its estimated fair value.

# JNR RESOURCES INC.

## Notes to Financial Statements October 31, 2009

### 3. Significant Accounting Policies - continued

#### Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is provided using the declining balance basis at the following annual rates:

#### Equipment:

---

Leasehold improvements	20%
Computer	30%
Equipment	20%
Automotive	30%

One half of the above rates are used in the year of acquisition.

#### Cash Equivalents

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

#### Income Taxes

Income taxes are accounted for using the asset and liability method pursuant to Section 3465, Income Taxes 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 Option Plan

The Company has a stock option plan that is described in Note 10.

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

As permitted by CICA 3870 the Company applied the recommendations prospectively only to awards granted on or after November 1, 2003. For stock option 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

## **JNR RESOURCES INC.**

### **Notes to Financial Statements October 31, 2009**

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

life of the options. The fair value of direct awards of stocks is determined by the quoted market price of the Company's stock.

##### Basic and Diluted Loss Per Share

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

Basic earnings per share are computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to Common Shares. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the "if converted" method. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

##### Share Capital – Flow Through Shares

The Company finances a portion of its exploration activities through the issue of 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.

The shares issued require that the Company make certain qualifying expenditures for tax purposes on or before December 31, 2008, the deduction of which flow through to the shareholders.

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.

## **JNR RESOURCES INC.**

### **Notes to Financial Statements October 31, 2009**

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

##### 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.

##### Asset Retirement Obligations

Asset retirement obligations are recognized when a legal obligation arises. This liability is recognized at the fair value of the asset retirement obligation. When the liability is initially recorded the Company capitalizes the cost by increasing the carrying amount of the related long-lived assets. Over time the liability is accreted to its present value each period, and the capitalized cost is amortized over the useful life of the related asset. Upon settlement of the liability, the Company either settles the obligation for its recorded amount or incurs a gain or a loss upon settlement.

It is reasonably possible that the Company's estimates of its ultimate reclamation and site restoration liability could change as a result of changes in regulations or cost estimates. The effect of changes in estimated costs is recognized on a prospective basis. Currently, the Company's projects are at an exploration stage and, accordingly, no such obligations have arisen.

#### **4. Adoption of New Accounting Standards**

Effective February 1, 2007 the Company adopted the following accounting standards issued by the Canadian Institute of Chartered Accountings ("CICA").

(a) Capital disclosures – Section 1535

This standard requires disclosure of an entity's objectives, policies, and processes for managing capital and quantitative data about what the entity regards as capital. Section 1535 also requires the disclosure of any externally-imposed capital requirements, whether the entity has complied with them and, if not, the consequences.

(b) Amendments to Section 1400 – Going Concern

The Accounting Standards Board (AcSB) amended Section 1400 to include requirements to assess and disclose an entity's ability to continue as a going concern.

The adoption of this standard did not have an impact on the financial statements.

## **JNR RESOURCES INC.**

### **Notes to Financial Statements October 31, 2009**

#### **4. Adoption of New Accounting Standards - continued**

(c) Financial instruments – disclosure and presentation (Section 3862 and 3863)

These new standards require additional disclosures to enable users to evaluate the significance of financial instruments for an entity's financial position and performance. In addition, qualitative and quantitative disclosures are provided to enable users to evaluate the nature and extent of risks arising from financial instruments.

(d) International financial reporting standards ("IFRS")

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five-year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to apply IFRS. The changeover is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of August 1, 2011, will require restatement of comparative amounts reported by the Company for the year October 31, 2011. While the Company has begun assessing the implications of adoption of IFRS, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

#### **5. Term Certificates**

As at October 31, 2009 the Company held \$2,105,000 in Guaranteed Investment Certificates. Subsequent to the end of the period, \$110,000 was withdrawn and deposited to the bank and a new GIC for \$1,000,000 was purchased. There are currently two Guaranteed Investment Certificates that earn .25%. One is for \$1,995,000 and matures on March 24, 2010 and the second is for \$1,000,000 and matures on December 1, 2010.

#### **6. 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 October 31, 2009

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

<b>Property</b>	<b>Property Costs</b>	<b>Deferred Exploration Costs</b>	<b>Total Oct. 31/09</b>
Bell Lake Project	\$	857,772	\$ 857,772
Black Lake Project	54,035	2,041,341	2,095,376
Crackingstone Project	29,199	330,223	359,422
Kelic Lake Project		29,404	29,404
Lazy Edward Bay Project	27,256	1,658,921	1,686,177
Moore Lake Project	72,684	6,678,047	6,750,731
Newnham Lake Project	53,106	1,028,778	1,081,884
North Wedge Project		81,082	81,082
Pendleton Lake Project		132,857	132,857
Rocky Brook Project	338,250	2,847,266	3,185,516
Snowbird Project	26,831	9,196	36,027
South Cigar Project		69,487	69,487
South Dufferin Project		215,594	215,594
South Fork Project		0	0
Topsails Project	462,770	864,990	1,327,760
Way Lake Project	122,824	9,217,612	9,340,436
Yurchison Lake Project	22,791	1,907,037	1,929,828
	<u>\$ 1,209,746</u>	<u>27,969,607</u>	<u>\$ 29,179,353</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 totalling 27,723 ha., located along the northeast margin of the Athabasca Basin, Saskatchewan.

#### B. 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

## **JNR RESOURCES INC.**

### **Notes to Financial Statements October 31, 2009**

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

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

#### **C. Lazy Edward Bay Project**

Since 1999, the Company has acquired by staking eleven claims totalling 44,886 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 paying all staking and recording costs, and incurring expenditures of \$500,000 on exploration. The earn-in has been completed.

Since March of 2008, the Company has been funding all exploration activities on a 100% basis. As a result the Company's Participating Interest in the Lazy Edward Bay project is currently 37%.

#### **D. Bell Lake Project**

During 2003, the Company acquired by staking three claims totalling 8,939 ha. in an area of the Athabasca Basin of 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 nine mineral claims totalling 26,550 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 October 31, 2009**

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

##### **E. Black Lake Project**

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

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

##### **F. South Cigar Project**

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

##### **G. Pendleton Lake Project**

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

##### **H. Way Lake Project**

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.

##### **I. Crackingstone Project**

During 2004, the Company acquired by staking four mineral claims totalling 10,665 ha. in the Uranium City area of Northern Saskatchewan. The claims cover the Crackingstone Peninsula. The Company holds a 100% unencumbered interest in this project.

##### **J. Kelic Lake Project**

In November 2004, the Company staked four mineral claims along the south central margin of the Athabasca Basin. Denison earned a 75% interest in the properties by paying all staking and recording costs and by incurring exploration expenditures of \$500,000. Three claims have since lapsed, with the remaining claim totalling 5,512 ha.

## **JNR RESOURCES INC.**

### **Notes to Financial Statements October 31, 2009**

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

##### **K. Rocky Brook Project**

In December 2004, the Company entered into an Agreement with Altius Minerals Corporation to option the Rocky Brook uranium property, which currently consists of two hundred and fifty-eight mineral claims totalling 6,450 ha. and is located in Western Newfoundland. During the quarter ending April 30, 2009, the Company fulfilled its requirements under the Option Agreement and now holds an undivided 70% participating interest in the project.

##### **L. South Dufferin Project**

In November 2004, the Company staked six mineral claims totalling 27,330 ha. along the south central margin of the Athabasca Basin. Denison earned a 75% interest in the properties by paying all staking and recording costs, and incurring exploration expenditures of \$500,000.

During the year ending January 31, 2009, the Company was advised by Denison that it was no longer interested in exploring the four easternmost claims. As such Denison forfeits its 75% interest in said claims and they revert 100% to the Company.

The South Dufferin project now comprises two mineral claims totalling 8,240 ha. Furthermore, the Company has the option of increasing its interest in this project to 49% by matching expenditures as per a standard agreed upon dilution formula.

##### **M. North Wedge Project**

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

##### **N. South Fork Project**

The Company holds a 50% unencumbered interest in forty-eight mineral claims totalling 44,352 ha., located to the east of the Cypress Hills in Southwestern Saskatchewan. These properties were acquired in January of 2006.

On May 14, 2007, the Company announced that it signed an option agreement with Uranium Power Corp (UPC), whereby UPC can earn up to a 65% interest in the South Fork project. The terms of the agreement call for UPC to reimburse JNR for prior expenditures not to exceed \$100,000 (made), and to carry out \$1,500,000 (made) 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.

## **JNR RESOURCES INC.**

### **Notes to Financial Statements October 31, 2009**

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

Under a subsequent agreement, Mega Uranium Ltd. has the right to acquire 50% of UPC's interest. On July 31, 2009 Titan Uranium Inc., pursuant to a Plan of Arrangement, acquired all of the outstanding shares of UPC.

During the year ending January 31, 2008 UPC met its obligations to earn a 50% interest in the property.

#### **O. Yurchison Lake Project**

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.

#### **P. Topsails Project**

During the year ended January 31, 2008, the Company established an alliance with Altius Resources Inc. to explore for volcanic-hosted uranium deposits in central Newfoundland. The project consists of 7,304 mineral claims totalling 182,600 ha.

The Company and Altius each hold a 50% Participating Interest in the Topsails uranium project. In return for generating the project Altius retains a 2% Gross Sales Royalty (GSR) on uranium products and a 2% net smelter return (NSR) on all other commodities. The Company made an initial 50,000 share payment to Altius and an optional 50,000 share payment on the first anniversary.

#### **Q. Snowbird Project**

During the year ending January 31, 2009 the Company acquired a 100% unencumbered interest in four mineral claims totalling 19,090 ha. located immediately east of the South Dufferin project. In the second quarter of 2009 two additional claims totalling 6,102 ha were staked in the immediate area.

#### **Measurement Uncertainty**

The Company has not experienced any property-specific adverse impact to date on its operations, but general mining market conditions have deteriorated, resulting in a decrease in the price of the Company's common shares, which in turn has created difficulty in raising sufficient equity capital to effectively explore or develop the Company's mineral property interests.

One or more of the issues described, or other factors beyond management's control, could in future periods adversely affect the Company's operations and could result in future potential or total write-downs of the Company's recorded mineral property total interest of \$26,826,185 as at January 31, 2009. Such write-down amounts could be material.

## JNR RESOURCES INC.

### Notes to Financial Statements October 31, 2009

#### 7. Deposit on Equipment Sale

During 2008, a contractor agreed to purchase three diamond drills from the Company for \$1,772,444. In accordance with the agreement 30% of work completed by the contractor would be deposited with the company and be applied toward the purchase of the drills. The drills will remain the property of the Company until fully paid for in accordance with the agreement.

#### 8. 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.

On July 30, 2009 the Company issued 1,300,000 flow-through common shares at a deemed price of \$0.25 per share through a private placement.

At October 31, 2009 the Company's issued share capital was as follows:

	<u>Number of Shares</u>	<u>\$ Amount</u>
Preferred Shares - January 31, 2009	3,000	\$ 3,000
Preferred shares converted	(1,500)	(1,500)
Preferred Shares - October 31, 2009	<u>1,500</u>	<u>1,500</u>
Common Shares - January 31, 2009	88,692,509	36,655,350
Private placement	1,300,000	325,000
For property		
Exercise of options		
Preferred share conversion	4,225	1,500
Flow-through shares		(97,500)
Share issue costs		(3,100)
Common Shares - October 31, 2009	<u>89,996,734</u>	<u>36,881,250</u>

#### 9. Share Capital Options and Warrants

##### Options

The Company has established a stock-based compensation plan pursuant to which options to purchase common shares may be granted to certain officers, directors, and employees of the Company as well as persons providing ongoing services to the Company. Exercise price of options equals at least 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 in accordance with TSX Venture Exchange policy.

## JNR RESOURCES INC.

### Notes to Financial Statements October 31, 2009

#### 9. Share Capital Options and Warrants - continued

A summary of the status of the Company incentive stock option plan as at October 31, 2009 is as follows:

	<u>Number of Shares</u>
Outstanding January 31, 2009	4,150,000
Granted	2,000,000
Expired	<u>(300,000)</u>
Outstanding October 31, 2009	<u>5,850,000</u>

#### Options Granted

On July 28, 2009, the Company granted incentive stock options to directors, officers, employees and consultants of the Company, to purchase up to 2,000,000 common shares in its capital stock at a price of \$0.30 per share, exercisable for a period of five years.

The Company accounted for stock compensation expense of these options using the following assumptions: risk-free interest rate of 2.5%, dividend yield of 0%, volatility of 70%, and expected lives of five years. The Company has recorded \$356,000 in stock based compensation expense on 2,000,000 stock options during the year.

A summary of the status of the company incentive stock option plan as at October 31, 2009 is as follows:

<u>Number of Shares Under Option</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
150,000	1.09	January 11, 2010
975,000	0.82	June 19, 2010
50,000	0.79	March 8, 2011
125,000	1.07	October 2, 2011
775,000	2.62	January 12, 2012
200,000	2.55	July 2, 2012
1,575,000	1.25	February 14, 2013
<u>2,000,000</u>	0.30	July 28, 2014
<u>5,850,000</u>		

#### Warrants

There were no outstanding warrants at October 31, 2009.

## JNR RESOURCES INC.

### Notes to Financial Statements October 31, 2009

#### 10. Related Party Transactions

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

	<u>2009</u>
Consulting	\$ 32,100
Exploration expenditures	168,601
Management fee	72,000
Office services	404
Shareholder relations & promotion	15,775
Travel	<u>7,603</u>
	<u>\$ 296,483</u>

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

#### 11. Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

The Company adopted the new accounting standards issued by the Canadian Institute of chartered Accountants for Financial Instruments. Under these standards, financial instruments must be initially classified into one of the following balance sheet categories (including derivatives):

*Held-for-trading financial assets and liabilities* are initially measured at fair value and the subsequent changes in fair value are recognized in the statements of receipts and expenditures;

*Available-for-sale financial assets* are initially measured at fair value and the subsequent changes in fair value are recognized in net assets until the instrument is derecognized or impaired at which time the amounts would be recorded in net earnings; or

*Held-to-maturity investments, loan and receivables, or other financial liabilities* – all of which are initially measured at cost and the subsequent changes in cost are amortized utilizing the effective interest rate method.

In accordance with this standard, the Corporation has classified its financial instruments as follows:

Cash deposits were classified as held-for-trading and accordingly are carried at their fair values, with unrealized gains and losses charged to receipts each year.

## **JNR RESOURCES INC.**

### **Notes to Financial Statements October 31, 2009**

#### **11. Financial Instruments – continued**

##### Credit Risk

The Company does not believe it is subject to any significant credit risk.

##### Currency Risk

The client is not exposed to currency risk as all cash and cash equivalents are held in Canadian funds.

##### Interest Rate Risk

The Company is exposed to interest rate risk on its cash equivalents. Generally, the company's interest income will be reduced during sustained periods of lower interest rates.

##### Liquidity Risk

The Company is exposed to liquidity risk which is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. The Company endeavors to manage liquidity risk by maintaining sufficient cash and short-term investment balances for settlement of its obligations. Liquidity requirements are managed based on expected cash flow to ensure there is sufficient capital in order to meet short-term obligations.

##### Market Risk and Commodity Price Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices. The significant market risk exposure to the Company relates to commodity price risk, and, specifically, declines in the price of uranium. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market prices of uranium associated with the Company's mineral property interests.

#### **12. Subsequent Events**

On November 11, 2009 JNR Resources Inc. closed a private placement totalling \$1,850,000. These funds were raised through the issue by JNR of 7,400,000 flow-through common shares at a price of \$0.25 per share. A commission of \$96,000 was paid to Toll Cross Securities Inc. as consideration for arranging a portion of the private placement. The shares issued pursuant to the Private Placement are subject to a hold period expiring March 11, 2010.

## **JNR RESOURCES INC.**

### **Notes to Financial Statements October 31, 2009**

#### **NOTICE TO SHAREHOLDERS FOR THE NINE MONTHS ENDED OCTOBER 31, 2009 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, 2009 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, 2009.

**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**JNR RESOURCES INC.**  
**PERIOD ENDED OCTOBER 31, 2009**

The following discussion and analysis of the financial condition and results of operations for JNR Resources Inc. has been prepared as of December 21, 2009 to provide additional information to that already provided in the annual audited financial statements for the year ended January 31, 2009 and related notes attached thereto.

The reader should also refer to the annual audited financial statements for the years ended January 31, 2008 and 2007, 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 a net working capital of \$1,240,046 at October 31, 2009 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 could be exercised before expiry, providing additional cash flow for continuing operations.

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, 2009, the Company continued to focus its activities on uranium exploration. The Company was involved in exploration activities on five individual projects. Three of the projects were located in the Athabasca Basin of Northern Saskatchewan, and two projects (**Topsails** and **Rocky Brook**) are located in Central Newfoundland.

During the quarter ending October 31, 2009, an extensive prospecting and mapping program was completed along with a nominal amount of trenching and soil geochemistry on the Company's 50% owned **Topsails** project. Of particular interest were six separate areas identified during the 2008 program that returned highly anomalous metal geochemistry.

This program resulted in the discovery and or upgrading of several prospects/showings including the following: The **Koorae** prospect is a quartz-feldspar porphyry containing appreciable amounts of copper, molybdenum, gold and silver mineralization. The **Railway Uranium** showing returned grab samples with up to 0.62%  $U_3O_8$  along with anomalous amounts of other metals. The **Sheffield Lake South** prospect returned up to 13.9% Pb and 0.55% Mo from outcrops and locally derived boulders. The **Long Range Mountain** prospects contain significant amounts of uranium-thorium and rare earth metal mineralization. Grab samples from outcrops and boulder fields returned up to 3.44% TREE (including 0.50% Y), 2.38% Zr, 0.18% Nb, 0.019%  $U_3O_8$ , 0.144% Th, and anomalous amounts of other rare metals.

During the quarter ending October 31, 2009 a planned 2000-metre diamond drilling program was underway on the Company's 70% owned **Rocky Brook** joint venture.

On the Denison operated **Moore Lake** joint venture, a Titan IP survey was completed over the Maverick structural corridor.

During the quarter ending October 31, 2009 airborne ZTEM surveys were underway on the Company's 100% owned **Snowbird** project and the **South Dufferin** joint venture.

Planning of the 2010 winter programs were also underway, details of which shall be released in the New Year.

Over the past four years, the Company has carried out a number of exploration programs on the **Newnham Lake** and **Black Lake** projects and advanced both to the 'drill-ready' stage. To that end, the Company plans to leverage its equity in these projects and is actively seeking partners to fund an extensive 2010 drilling campaign.

## **Exploration Properties**

The Company currently contains seventeen mineral projects in its property portfolio: fourteen in the Athabasca Basin, one in Southwestern Saskatchewan and two on the island of Newfoundland. 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) Newnham Lake**

The Company has a 100% unencumbered interest in this project which consists of eight mineral claims totalling 27,723 hectares 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 the year ending January 31, 2009, a 4,243 line-kilometre high resolution gradient magnetic survey was flown over the project lands and identified a number of interesting magnetic settings and anomalies, some of which correlate with previously defined VTEM and DIGHEM anomalies.

During the quarter ending July 31, 2009, a 1,547 line-kilometre high-resolution ZTEM survey was completed. Seven initial 'zones of interest' were selected on the basis of a favourable geophysical/geological correlation.

There were no field activities carried out during the quarter ending October 31, 2009.

To October 31, 2009, the Company had incurred net acquisition costs of \$53,106 and exploration costs of \$1,028,778 in respect of these claims.

### **(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 Southeastern 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) who still retains a 2.5% net smelter return royalty (NSR) 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 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. 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.

During the year ending January 31, 2009, two drilling campaigns were completed. The winter program consisted of 5 holes totalling 1,752 metres. Several geological and geophysical targets associated with the high grade Maverick trend were tested. All of the holes intersected significant alteration, structure and anomalous geochemical values, but no economically significant mineralization.

During the summer/fall a drilling program consisting of eight holes totalling 3,667 metres was completed along with a nominal amount of linecutting and a ground resistivity survey. Once again the drilling program was focused on targets associated with the Maverick trend. Significant structural disruption and alteration were intersected in all of the holes with the best analytical result being from ML-156, which intersected a grade equivalent of 0.661%  $U_3O_8$  over 4.6 metres. A soil and biological geochemical orientation survey were also completed.

During the quarter ending October 31, 2009, data compilation, report writing and planning of the 2010 winter exploration program was underway. A thirty-five line-kilometre Titan IP survey was carried out over the Maverick structural corridor. Results are pending.

To October 31, 2009, the Company had incurred net acquisition costs of \$72,684 and exploration costs of \$6,678,047 in respect of these 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 eleven claims totalling 44,886 hectares.

Initially, its Joint Venture partner was Kennecott Canada Exploration Inc. (KCEI) who still retains a 2.5% NSR 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) could earn a 75% interest in the Lazy Edward Bay properties by paying all staking and recording costs, and incurring expenditures of \$500,000 on exploration. The earn-in has been completed.

During the year ending January 31, 2009, a winter exploration program consisting of diamond drilling and ground geophysics was carried out. Eight holes comprising 1,538 metres were drilled, with one hole being lost in structurally disrupted and faulted sandstone. The drill program was successful in that it returned anomalous pathfinder elements in several holes as well as significant structural features such as brittle fracturing and/or ductile shearing.

The geophysical program consisted of just under 60-kilometres of linecutting and ground electromagnetic (EM) and magnetometer surveys in the southwestern portion of the property. Well defined drill targets were identified on three of the four grids surveyed and will be tested by future drilling programs.

Since March of 2008, the Company has been funding all exploration activities on a 100% basis. As a result, the Company's Participating Interest in the Lazy Edward Bay project is currently 37%.

Planning of a winter exploration program was underway during the quarter ending October 31, 2009.

To October 31, 2009, the Company had incurred net acquisition costs of \$27,256 and exploration costs of \$1,658,921 in respect of these claims.

#### **(d) Pendleton Lake**

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

During the year ending January 31, 2008, three grids were established over two prominent airborne conductors and a number of well-defined bedrock conductors were interpreted. A helicopter-supported diamond drilling program was completed in the fall. In total, three holes comprising 416 metres were drilled, one of which was abandoned in sheared graphitic pelites. The results were encouraging in that all three holes intersected broad zones of structural disruption, and strongly altered and sulphide-rich graphitic units with anomalous geochemistry.

There were no field activities underway during the quarter ending October 31, 2009.

To October 31, 2009, the Company had incurred exploration costs of \$132,857 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, as well as 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 nine mineral claims totalling 26,550 hectares. These properties are proximal to Cameco's La Rocque Lake uranium zone, located in the south-eastern part of the Athabasca Basin. Denison is the project operator.

During the year ending January 31, 2009 a winter exploration program consisting of 2,051 metres of diamond drilling in five holes and approximately 50 kilometres of linecutting and ground geophysical surveys was completed. Alteration and structural disruption occurred in all five holes with two of the holes being lost in faulted and desilicified sandstone. The best analytical result was 3,200 ppm U over 0.3 metres, associated with basement pelites in BL08-08.

There were no field activities underway during the quarter ending October 31, 2009.

To October 31, 2009, the Company had incurred exploration costs of \$857,772 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 earned a 75% interest in these properties by paying all staking and recording costs, and by incurring exploration expenditures of \$500,000.

During the quarter ending April 30, 2009, a linecutting and ground geophysical program totalling 61.8 kilometres was completed on two grids. On the Whitford Lake grid a ground electromagnetic (EM) survey identified features that correlated well with a previously flown airborne EM survey. On the Esker grid, a Titan resistivity survey verified that the southwestern extension of the Bird Lake fault, a major regional and hydrothermally altered structural zone, continues onto the project lands.

There were no field activities underway during the quarter ending October 31, 2009.

To October 31, 2009, the Company had incurred exploration costs of \$69,487 in respect of these 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 and four were staked 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 the year ending January 31, 2009, exploration programs consisting of diamond drilling and airborne geophysics were completed over the project lands. The drilling program was carried out during the winter and consisted of four holes totalling 2,815 metres. It focused on a six-kilometre long northeast-trending conductive/magnetic target through the central portion of the property. An early break-up prevented completion of the planned program in its entirety. The drilling program intersected significant structural features and alteration in the sandstone, accompanied by anomalous clay geochemistry and pathfinder elements, including partial U (up to 10.7 ppm), Ni (up to 5.0 ppm), As (up to 12.0 ppm), Co (up to 1.0 ppm) and V (up to 6.0 ppm).

The airborne geophysics consisted of a 3,289 line-kilometre gravity gradiometer survey. This survey provided additional structural information, both near surface and at depth, and defined new targets for drilling. Seven gravity targets having a range of characteristics common to Athabasca uranium deposits were identified. All of the technical data is being incorporated into a 3D GOCAD model.

During the quarter ending April 30, 2009, a 344 line-kilometre Z-Axis Tipper electromagnetic (ZTEM) and aeromagnetic geophysical survey was flown over the southern part of the property to better delineate the EM conductors. The results provide additional constraints on the structural complexity of the Snowbird tectonic zone. Reprocessing of the 2005 Megatem data by Condor geophysicists was also completed and resulted in a better definition of the deeper EM conductors in the central part of the property. Well over a dozen priority drill targets have now been selected.

There were no field activities underway during the quarter ending October 31, 2009.

To October 31, 2009, the Company had incurred net acquisition costs of \$54,035 and exploration costs of \$2,041,341 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 (made). A further 125,000 shares of GB are due on the first anniversary of the agreement (made). The Company will also retain a 1% NSR which GB can buy down to 0.5% by payment of \$500,000 to the Company.

### **(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 twenty 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, 2009, a helicopter-supported exploration program consisting of diamond drilling and prospecting was completed. A total of forty-eight holes comprising 11,985 metres were drilled on a variety of targets including the previously discovered EWA, West Way, Nob Hill, and Hook Lake showings, the Walker Lake conductive trend and a broad zone of newly discovered surface mineralization in the Fraser Lakes area.

The Fraser Lakes uranium showings (Fraser Lakes A and B zones) were identified by ground prospecting of airborne geophysical targets in the southern half of the Way Lake property, some five kilometres east of the Walker Lake conductive trend. The mineralized zones are proximal to a 5-kilometre-long folded EM conductor comprised of Wollaston Group graphitic pelitic gneisses and uraniferous granitic pegmatites.

The B zone showings occur along the northern extent of this conductor and are currently the more significant of the two mineralized zones. Nearly seventy individual mineralized outcrop sites were identified over a 500-metre-wide by 1.5-kilometre-long area. Uranium values in grab samples assayed from 0.044 to 0.453%  $U_3O_8$ .

The B zone was tested by three drill holes (WYL-08-524 to 526) at the end of the 2008 program. Although they could not test the optimum target, namely the graphitic pelite/pegmatite contact that occurs beneath muskeg, all three intersected uranium and thorium mineralization accompanied by rare-earth element enrichment and anomalous levels of pathfinder elements. The best results were from WYL-08-525 which intersected numerous uraniferous intervals. Of particular note was a 12.0-metre intersection from 77.50 to 89.50 metres down hole that returned 0.081%  $U_3O_8$ , including a 3.0-metre intercept of 0.193%  $U_3O_8$  (true widths cannot be reliably estimated at this time).

The A zone showings occur at the southern end of the conductor. Three holes (WYL-08-510 to 512) were drilled in the area and intersected significant alteration and structural disruption accompanied by anomalous levels of pathfinder elements.

Major zones of structural disruption accompanied by alteration and weak to moderate levels of radioactivity were identified in all of the other areas targeted by the 2008 drilling program.

Eight holes (WYL-08-501 to 507 plus one abandoned hole) tested the EWA showings located west of Walker Lake in the southern half of the project area. These showings returned up to 0.492%  $U_3O_8$  in surface grab samples and are associated with a graphitic shear zone that correlates with a northeast-trending conductive zone. All of the holes intersected variably radioactive granitic pegmatite dykes. The best results were obtained from hole WYL-08-501, which returned 0.082%  $U_3O_8$  over 6.5 metres from 4.50 to 11.00 metres, including a 3.5 metre intercept of 0.113%  $U_3O_8$ . Associated with the mineralization are anomalous boron, lead, nickel and molybdenum values.

At the Walker River grid, fourteen holes (WYL-08-15 to 28) tested structurally disrupted weak EM conductors. All but two of the holes intersected strongly clay- and/or chlorite-altered, sheared and faulted graphitic pelites containing anomalous boron, copper, nickel, zinc, cobalt, vanadium and molybdenum values and locally anomalous uranium values.

Seven holes (WYL-08-29 to 35) tested structurally offset strong EM conductors on the Walker South grid. These holes intersected structurally disrupted graphitic pelites with weak to intense clay and chlorite alteration. The best analytical results were from hole WYL-08-31, which returned highly anomalous copper, nickel, zinc, cobalt and vanadium values and locally anomalous uranium values within highly altered and sheared graphitic pelites.

The remaining nine holes were drilled in the northern half of the project.

Five holes (WYL-08-515 to 519) were drilled at the Nob Hill showings, where up to 0.141%  $U_3O_8$  was obtained from surface grab samples. All of the holes intersected multiple zones of discontinuous radioactivity associated with granitic pegmatites. Hole WYL-08-516 returned the best intercept of 0.018%  $U_3O_8$  over 5.0 metres from 145.0 to 150.0 metres. The highest individual uranium value of 0.062%  $U_3O_8$  was obtained from 153.0 to 153.5 metres in hole WYL-08-518.

Two holes (WYL-08-520 & 521) tested the West Way showings where up to 0.492%  $U_3O_8$  has been obtained in grab samples. The surface mineralization is associated with steeply dipping east-west fractures. Both drill holes returned anomalous copper, nickel and locally anomalous cobalt and arsenic values from sheared and weakly altered diorite. Hole WYL-08-521 returned the best uranium value of 76 ppm over 0.5 metres.

In the Hook Lake area, two holes (WYL-08-522 & 523) tested geophysical targets and intersected multiple zones of fracturing and shearing accompanied by weak to moderate alteration and locally anomalous radioactivity. Hole WYL-08-523 returned the best uranium value of 35 ppm over 0.5 metres.

During the quarter ending April 30, 2009, a diamond drilling program focusing on a 1,500-metre strike length of the Fraser Lakes B zone was completed. A total of 2,699 metres were drilled in nineteen holes, with four holes abandoned due to poor overburden.

All holes were drilled at a 45 to 50 degree angle, heel to toe across the conductive horizon on sections consisting of two to four drill holes.

During the quarter ending July 31, 2009 the analytical results from this program were received and interpreted. Multiple intervals of uranium and/or thorium mineralization were intersected in several drill holes (Table 1). This mineralization is accompanied by rare earth element enrichment and highly anomalous levels of pathfinder elements. Some of the better intersections occur in drill holes WYL-09-39, -41 and -50. At a grade cutoff of 0.029% U<sub>3</sub>O<sub>8</sub>, hole #39 returned seven mineralized intervals over a 30-metre downhole length, including a 0.15-metre intercept of 0.166% U<sub>3</sub>O<sub>8</sub> and 0.112% thorium. The best result from hole #41 was 0.134% U<sub>3</sub>O<sub>8</sub> and 0.77% thorium over 1.0 metres, while the best result from hole #50 was 0.183% U<sub>3</sub>O<sub>8</sub> and 0.062% thorium over 1.0 metre.

Hole WYL-09-46 returned multiple intervals of thorium mineralization including 0.109% thorium and 0.013 % U<sub>3</sub>O<sub>8</sub> over 7.0 metres. Highly anomalous concentrations of other metals are also present in a number of holes. Hole WYL-09-38 returned 0.117% copper, 0.056% nickel, 0.044% zinc, 0.068% molybdenum and 44 ppm uranium over 6.5 metres. Also of note is that the alteration and structural patterns associated with the mineralized intervals are analogous to the basement-hosted mineralization at Eagle Point, Millennium and P-Patch.

**Table 1. Significant Drill Results**

DDH#	From (m)	To (m)	Width (m)	Grade% (U <sub>3</sub> O <sub>8</sub> ) (cutoff >0.029)	Grade% (ThO <sub>2</sub> ) (cutoff >0.050)	Other Metals %
WYL-37	121.80	124.30	2.50	0.037		
	128.50	130.00	1.50	0.043		
	152.00	153.00	1.00	0.035		
WYL-38	42.00	48.50	6.50			Cu- 0.117, Ni- 0.056, Zn- 0.044, Mo- 0.0681
WYL-39	58.00	58.50	0.50	0.038		
	67.35	67.50	0.15	0.166	0.112	
	74.00	75.00	1.00	0.029		
	79.00	79.50	0.50	0.034		
	83.50	85.00	1.50	0.044		
	86.50	88.00	1.50	0.047		
WYL-40	102.50	103.00	0.50	0.032		
WYL-41	38.00	39.50	1.50	0.048		
	94.00	95.00	1.00	0.134	0.077	
	96.00	97.50	1.50	0.062		
WYL-42	114.50	116.00	1.50	0.029		
	124.00	125.00	1.00	0.034		

DDH#	From (m)	To (m)	Width (m)	Grade% (U <sub>3</sub> O <sub>8</sub> ) (cutoff >0.029)	Grade% (ThO <sub>2</sub> ) (cutoff >0.050)	Other Metals %
	132.50	134.50	2.00	0.036		
WYL-43	55.00	56.00	1.00	0.030		
WYL-43a	30.50	32.50	2.00	0.031		
	39.00	40.00	1.00	0.029		
	58.00	59.00	1.00	0.032		
WYL-44	71.30	75.30	4.00		0.106	
WYL-45	55.00	61.50	6.50			Ni- 0.049
WYL-46	30.30	33.30	3.00		0.134	
	34.80	37.30	2.50		0.100	
	42.50	44.50	2.00		0.064	
WYL-47						Anomalous Cu, Ni, V, Zn
WYL-48	19.90	20.90	1.00	0.031		
	95.00	95.50	0.50	0.068		
	97.60	98.10	0.50	0.039		
WYL-49	43.30	43.80	0.50	0.027	0.057	
	61.50	63.00	1.50		0.074	
WYL-50	158.70	160.20	1.50	0.054		
	161.20	162.70	1.50	0.030		
	191.40	192.40	1.00	0.040	0.059	
	215.50	217.50	2.00	0.040		
	232.60	233.60	1.00	0.183	0.062	

*Note: Widths represent downhole lengths; true widths cannot be reliably estimated at this time.*

The Company is pleased with these results as they indicate the presence of significant uranium and metal enrichment in the Fraser Lakes district. The lack of sandstone cover in this area and shallow depth to target (mineralization in outcrop) will allow for efficient and timely exploration.

Planning of a winter exploration program was underway during the quarter ending October 31, 2009.

To October 31, 2009, the Company had incurred net acquisition costs of \$122,824 and exploration costs of \$9,217,612 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, 2008, a high resolution gradient magnetic survey totalling 3,758 line-kilometres was flown over the project lands. The results were incorporated with prior airborne surveys and thirteen ‘zones of interest’ were identified.

There were no field activities underway during the quarter ending October 31, 2009.

To October 31, 2009, the Company had incurred net acquisition costs of \$29,199 and exploration costs of \$330,223 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 consists of 258 claims totalling 6,450 hectares and covers the northeast margin of the Carboniferous Deer Lake Basin in Western Newfoundland.

During the quarter ending April 30, 2009, the Company fulfilled its requirements under the option Agreement and now holds an undivided 70% participating interest in the project.

During the year ending January 31, 2009, a water geochemical survey was carried out to assist in delineating additional drill targets in the primarily bog-covered terrain of the Deer Lake Basin. The survey was conducted over the most prospective portions of the Rocky Brook property and a total of 1,025 samples were collected and analyzed for trace elements by ICP-MS. Uranium and associated trace element anomalies were detected up-ice of the Birchy Hill Brook, Wigwam, and Goose boulder fields, as were seven additional target areas on the property. Associated elements within the anomalies include arsenic, barium, bromine, copper, molybdenum, lead, and selenium. Most of the anomalies define linear trends, which suggest an underlying structural control marginal to areas exhibiting a carbonate signature. Of the ten anomalous areas identified were a

couple of notable and untested anomalies that occur proximal to areas of anomalous radioactivity and geochemistry in drill holes.

During the quarter ending April 30, 2009, a winter IP survey was completed to better define the structural controls suggested by the geochemical survey. Fourteen lines were surveyed for a total distance of 23.5 kilometres. The results indicate the presence of several significant structural features coincident with the geochemical trends, which also appear to parallel the azimuth of the drill holes completed to date. This suggests that previous drilling did not test these highly prospective features in the optimum localities.

Of special note are a number of shallow targets where the IP response increases with resistivity, as well as zones of increased IP response associated with the Wigwam fault. These areas are the focus of a planned 2000-metre diamond drilling program, which was initiated during the quarter ending October 31, 2009.

To October 31, 2009, the Company had incurred net acquisition costs of \$338,250 and exploration costs of \$2,847,266 in respect of these claims.

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

The Kelic Lake uranium property was acquired by staking in November of 2004. It consists of one mineral claim totalling 5,512 hectares, located along the south central margin of the Athabasca Basin. Denison earned a 75% interest in the property by paying all staking and recording costs, and by incurring exploration expenditures of \$500,000.

During the year ending January 31, 2008, an exploration program consisting of some eighty-four kilometres of linecutting and 130 kilometres of ground EM surveying was completed over targets identified by the airborne survey. In total four grids were surveyed. This program identified a number of targets for follow-up.

There were no field activities underway during the quarter ending October 31, 2009.

To October 31, 2009, the Company had incurred exploration costs of \$29,404 in respect of these claims.

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

The South Dufferin uranium property was acquired by staking in November of 2004. It consists of two mineral claims totalling 8,240 hectares, located along the south central margin of the Athabasca Basin. Denison earned a 75% interest in the properties by paying all staking and recording costs, and by incurring exploration expenditures of \$500,000. The property covers the Virgin River shear, a major mineralized structural zone.

During the year ending January 31, 2009, a linecutting and ground geophysical program was completed. The geophysical program consisted of seventy-three kilometres of HLEM and eighty-six kilometres total field magnetometer coverage. Seven grids were

established over the project lands, however surveying on two of them could not be completed due to forest fires. Conductors and prospective drilling targets were identified on a number of the grids.

During the quarter ending October 31, 2009, a 305 line-kilometre airborne ZTEM survey was initiated.

To October 31, 2009, the Company had incurred exploration expenses of \$215,594 in respect of these claims.

#### **(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 earned a 51% interest in the property by paying all staking and recording costs, and by incurring exploration expenditures of \$250,000.

During the year ending January 31, 2009 a winter diamond drilling program consisting of two holes totalling 336 metres was completed. Although well developed structural disruption was intersected in both holes, only weakly anomalous analytical results were returned.

There were no field activities underway during the quarter ending October 31, 2009.

To October 31, 2009, the Company had incurred exploration expenses of \$81,082 in respect of these claims.

#### **(o) South Fork**

The Company holds a 50% unencumbered interest in forty-eight mineral claims totalling 44,352 hectares, located to the east of the Cypress Hills in Southwestern Saskatchewan. These properties were acquired because of their potential to host roll-front uranium deposits, akin to those found in the prolific Powder River Basin in Wyoming.

On May 14, 2007, the Company announced an option agreement with Uranium Power Corp. (UPC), whereby UPC can earn up to a 65% interest in the South Fork project. The terms of the agreement call for UPC to reimburse JNR for prior expenditures, not to exceed \$100,000 (made), and to carry out \$1,500,000 (made) 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. Under a subsequent agreement, Mega Uranium Ltd. has the right to acquire 50% of UPC's interest. On July 31, 2009, Titan Uranium Inc., pursuant to a Plan of Arrangement, acquired all of the outstanding shares of UPC.

During the year ending January 31, 2008, a 3,300-line kilometer airborne electromagnetic and magnetometer survey using the TEMPEST system was flown over the project. The

results indicate what appear to be several well developed paleochannels over a large area, in sandstones and shales of the Frenchman and Ravenscrag formations. These formations are believed to have the potential to host roll-front style uranium mineralization, similar to that found in the prolific Powder River Basin of Wyoming.

During the year ending January 31, 2009, the largest paleochannel was tested with forty-five rotary drill holes totalling 5,402 metres. Four of the drill holes intersected significant uranium mineralization in sandstones of the Ravenscrag formation. The best intersection was obtained in SF-1042 at 66.8 metres vertical depth, returning an average grade of 0.028% eU<sub>3</sub>O<sub>8</sub> over 1.4 metres, including 0.038% eU<sub>3</sub>O<sub>8</sub> over 0.7 metres. Additional mineralized intersections ranged from 1.4 metres grading 0.014% eU<sub>3</sub>O<sub>8</sub> to 0.7 metres grading 0.025% eU<sub>3</sub>O<sub>8</sub>.

Of the remaining forty-one drill holes, nine intersected anomalous radioactivity (greater than 2x background), fourteen are considered to be weakly anomalous (2x background) and the remaining eighteen were barren.

There were no field activities underway during the quarter ending October 31, 2009.

#### **(p) Yurchison Lake**

The Yurchison Lake property was acquired by staking in August of 2006. The project consists of four mineral claims totalling 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 were 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. An 800-line kilometer helicopter-borne VTEM survey was then completed over the property and identified a number of well-defined conductor targets for drill testing, some of which correlate with anomalous outcrop samples.

During the year ending January 31, 2008, a helicopter-supported, prospecting, mapping and till sampling program was carried out.

During the year ending January 31, 2009, a fourteen-hole, 2,902-metre diamond drilling program was completed. Although sampling is not yet complete, the initial results are encouraging in that a number of holes intersected sulphidic and base metal-rich, structurally disrupted and altered graphitic pelitic gneisses. Two holes drilled beneath the historic trenches returned highly anomalous molybdenum (up to 3,750 ppm) and anomalous uranium values (up to 240 ppm).

There were no field activities underway during the quarter ending October 31, 2009.

To October 31, 2009, the Company had incurred net acquisition costs of \$22,791 and exploration costs of \$1,907,037 in respect of these claims.

**(q) Topsails**

During the year ending January 31, 2008, the Company established an alliance with Altius Resources Inc. to explore for volcanic-hosted uranium deposits in Central Newfoundland. This project consists of 7,304 mineral claims totalling 182,600 hectares. The Company and Altius each hold a 50% Participating Interest in the Topsails uranium project.

Geologically, the Topsails project covers felsic volcanic and related intrusive rocks of Silurian to Devonian age, including much of the Topsails Igneous Suite and the Springdale Group. Volcanic-hosted uranium deposits are a significant source of high-tonnage, moderate-grade uranium, one of the best examples of which is the 'Streltsovka' caldera, Russia's largest uranium resource.

During the year ending January 31, 2009, an extensive exploration program consisting of property-wide lake sediment sampling, detailed airborne radiometric and magnetic surveying, and prospecting and geological mapping was completed.

The analytical results from the lake sediment survey indicate that anomalous uranium values with associated molybdenum and fluorine occur in a number of areas, the largest being twenty by ten kilometres in size. With background values of less than 10 ppm, anomalous uranium values of greater than 30 ppm to a maximum of 535 ppm have been identified in more than thirty lakes. These samples, combined with historical surveys, highlight four distinct areas of extensive uranium-molybdenum enrichment. The geochemically anomalous lakes lie within or are adjacent to granitic rocks related to the caldera complexes, and confirm the prospectivity of these rocks for hosting volcanic-related uranium mineralization.

It should be noted that lakes in the vicinity of uranium deposits in the prolific Athabasca Basin are commonly anomalous in uranium and pathfinder elements associated with the mineralization. Molybdenum and fluorine are common pathfinder elements diagnostic of volcanic-hosted uranium deposits.

During the quarter ending April 30, 2009, the 2009 exploration program budgeted at \$500,000 was initiated with the collection of some 120 lake sediment samples and 3D Discover/GOCAD modelling. Advanced re-processing and interpretation of the 18,812 line-kilometre airborne radiometric and magnetic survey was completed by GamX Inc. This work identified a number of additional targets for follow up.

During the quarter ending October 31, 2009, an extensive prospecting and mapping program was completed along with a nominal amount of trenching and soil geochemistry. Of particular interest were six separate areas identified during the 2008 program that

returned highly anomalous metal geochemistry. This program resulted in the discovery and or upgrading of several significant prospects/showings.

Trenching, rock and soil sampling were completed on the Cu-Mo-Au-Ag Koorae prospect located approximately fifteen kilometres northwest of Buchans. Disseminated copper sulphides and magnetite occur in chlorite-hematite-altered quartz-feldspar porphyry, which is in fault contact with felsic volcanic rocks containing veinlet and breccia-matrix chalcocite with lesser bornite and chalcocite.

Of twenty-three grab samples randomly collected from the quartz-feldspar porphyry, twenty-one returned anomalous values of up to 0.87% copper, with an average of 0.15% copper. Sampling of adjacent, strongly altered felsic volcanic rocks returned a best in-situ result of 0.39% Cu, 0.04% Mo and 0.9 g/t Ag, while a grab sample from locally derived float returned 3.7% Cu, 0.1% Mo, 53.3 g/t Ag and 0.24 g/t Au. Furthermore, a rhyolite flow which was also exposed in the trench returned 0.67% Cu, 0.03% Mo and 7.4 g/t Ag.

The Koorae prospect bears numerous similarities to the alkalic, caldera-related group of porphyry copper-gold deposits observed world wide. Geophysically, the discovery occurs near the southern margin of a roughly 1,200 by 300-metre, east-northeast trending magnetic low and on the southeast margin of an isolated K, U, and Th radiometric high of 350-metre diameter size.

The Railway U showing, first identified in 2008, is located in the northern part of the Topsails project. Grab samples returned up to 0.62%  $U_3O_8$  and lesser variably anomalous amounts of lead (Pb), zinc (Zn), nickel (Ni), arsenic (As), and copper (Cu). An orientation survey of soil sampling and geochemistry in 2009 returned encouraging results and expanded the anomalous area of outcrops, subcrop, and boulders.

The Sheffield Lake South prospect, located north of the Railway U showing, was also discovered during the 2008 exploration campaign. Follow-up prospecting and sampling in 2009 returned anomalous lead and molybdenum (Mo) values (up to 13.9% Pb and 0.55% Mo) from outcrops and locally derived boulders. The mineralization is hosted mainly by quartz veins cutting granite, though the granite itself is also mineralized. This area is also radiometrically and geochemically anomalous, with outcrop samples returning up to 0.009%  $U_3O_8$ , 0.30% TREE (including 0.09% Y), 2.33% Zr, and 3.3 g/t Ag.

In 2009, regional-to-district-scale prospecting, mapping and sampling were conducted in the southern half of the Topsails property over a twenty km by thirty-five km area of abundant airborne radiometric anomalies. This resulted in the discovery of REE-Zr-Nb-Th-U mineralization at the new Long Range Mountain prospects ("A" and "B"). To date, most of the rare earth metal mineralization (Total Rare Earth Elements=TREE) of the Long Range Mountain prospects has been observed in locally derived granitic pegmatite and rhyolite boulders, but significant outcrop showings also exist. Prospect A comprises shear-zone-hosted, fluorite-bearing U-Th-REE mineralization in outcrop and highly

anomalous boulder fields. Grab samples returned up to 1.69% TREE (including 0.35% Y), 1.24% Zr, 0.28% Nb, 0.027% U<sub>3</sub>O<sub>8</sub>, 0.154% Th, and anomalous amounts of other rare metals. Prospect B, located about ten kilometres northeast of prospect A, is comprised of several small outcrops and abundant locally-derived boulder fields. Grab samples returned up to 3.44% TREE (including 0.50% Y), 2.38% Zr, 0.18% Nb, 0.022% U<sub>3</sub>O<sub>8</sub>, 0.144% Th, and anomalous amounts of other rare metals. North of prospect A, a large discontinuous outcrop area of fluorite-bearing peralkaline granites and aplitic dykes also hosts U-Th-REE mineralization.

The reported TREE grades for the Long Range Mountain prospects are comparable to grades from Strange Lake (Labrador), Thor Lake (NWT), Kvanefjeld, (Greenland), and Hoidas Lake (Saskatchewan). Also of note is the high ratio of heavy to light REE from sampling to date, ranging from 0.08 to 1.40. Heavy REE are rarer and typically more valuable as a commodity for industrial development.

To October 31, 2009, the Company had incurred net acquisition costs of \$462,770 and exploration costs of \$864,990 in respect of these claims.

**(r) Snowbird**

During the year ending January 31, 2009, the Company acquired a 100% unencumbered interest in four mineral claims totalling 19,090 ha. located immediately east of the South Dufferin project

During the quarter ending July 31, 2009, two additional claims totalling 6102 ha. were staked in the immediate area.

During the quarter ending October 31, 2009, a 1,000 line-kilometre airborne ZTEM survey was initiated.

To October 31, 2009, the Company had incurred net acquisition costs of \$26,831 and exploration costs of \$9,196 in respect of these claims.

**Selected Annual Information**

	Year ended Jan. 31/09	Year ended Jan. 31/08	Year ended Jan. 31/07
Total revenues	829,627	1,165,975	924,460
Net loss (income)	1,321,325	(2,298,134)	(728,840)
Basic & diluted (loss) gain per share	\$0.01	\$0.03	\$0.01
Total assets	33,334,808	31,992,715	16,576,892
Total long-term liabilities	0	0	0
Cash dividends	0	0	0

The net loss of \$1,321,325 for the year ended January 31, 2009 was a significant change from the previous years (net income of \$2,298,134 in 2008 and \$728,840 in 2007). The differences were mainly due to the following: future income tax recovery in 2009 of

\$405,000 (\$2,844,919 in 2008 and \$2,280,000 in 2007) and stock compensation expense of \$1,200,000 in 2009 (\$245,600 in 2008 and \$1,474,725 in 2007).

## 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. 31/09	July 31/09	Apr. 30/09	Jan. 31/09
Total assets	33,447,099	33,368,526	33,428,403	33,334,808
Mineral properties & deferred costs	29,179,353	28,484,701	27,911,989	26,826,185
Working capital (deficiency)	1,240,046	2,125,629	2,502,027	3,756,843
Shareholders' equity	31,819,535	32,098,587	31,990,394	32,246,828
Revenues	19,197	46,513	71,956	22,973
Net loss (profit)	279,052	472,207	256,434	206,942
Loss (earnings) per share	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)
	Oct. 31/08	July 31/08	Apr. 30/08	Jan. 31/08
Total assets	32,687,660	33,227,285	33,022,892	31,992,715
Mineral properties & deferred costs	26,235,170	22,869,716	19,677,905	16,319,737
Working capital (deficiency)	3,391,993	6,903,496	10,832,967	13,771,149
Shareholders' equity	31,358,712	31,585,053	31,935,573	31,489,345
Revenues	25,211	39,461	741,982	325,639
Net loss (profit)	250,091	350,520	513,772	(2,866,706)
Loss (earnings) per share	(\$0.00)	(\$0.00)	(\$0.01)	(\$0.04)

## Results of Operations

The net loss of \$279,052 for the quarter ended October 31, 2009 (\$250,091 in 2008) is mainly attributed to the following: revenues for the quarter were \$19,197 (\$25,211 in 2008), consulting was \$25,700 (\$6,900 in 2008), equipment lease expense was \$760 (\$1,905 in 2008), equipment repairs and maintenance expense was \$0 (\$2,013 in 2008), filing fees were \$2,845 (\$6,365 in 2008), office expenses were \$6,774 (\$4,851 in 2008), rent was \$18,090 (\$15,570 in 2008), professional fees were \$6,378 (\$3,633 in 2008), recoverable field expenses were \$11,244 (\$0 in 2008), software support was \$9,591 (\$8,860 in 2008), travel was \$20,546 (\$21,715 in 2008), and training expense was \$1,818 (\$0 in 2008).

The net loss of \$350,520 for the quarter ended July 31, 2008 is lower than the net loss of \$472,207 at July 31, 2009 and is mainly due to the following: revenues were \$39,461 (\$39,461 in 2008) for project management, recovery of expenses, administrative overhead, and interest income, while administrative expenses were \$569,707 (\$389,981 in 2008). The most significant changes in expenses included \$88,121 for amortization (\$135,157 in 2008), \$13,400 for consulting (\$8,000 in 2008), \$4,770 for filing fees (\$8,070 in 2008), \$0 for recoverable field expenses (\$10,729 in 2008), \$0 for research

(\$5,512 in 2008), \$5,427 for shareholder communication and promotion (\$19,744 in 2008), \$651 for software support (\$7,911 in 2008), \$356,000 for stock compensation (\$0 in 2008), \$4,000 for training (\$13,340 in 2008), \$66,641 for travel (\$21,216 in 2008), and \$60,820 for wages (\$78,028 in 2008).

The net loss for the quarter ended April 30, 2009 was \$256,434 compared to a net profit of \$513,772 reported April 30, 2008. The difference is attributed mainly to the following: stock compensation expense was \$0 (\$960,000 in 2008), amortization was \$88,121 (\$42,889 in 2008), consulting expenses were \$6,500 (\$7,200 in 2008), filing fees expensed were \$1,775 (\$5,475 in 2008), office expenses were \$5,967 (\$12,930 in 2008), premises expenses were \$15,990 (\$14,190 in 2008), professional fees were \$0 (\$2,543 in 2008), property examinations/research expenses were \$5,500 (\$41,933 in 2008), recoverable field expenses were \$0 (\$7,581 in 2008), training was \$1,687 (\$3,525 in 2008), travel and accommodation expenses were \$28,230 (\$17,231 in 2008), and wages and benefits in 2009 were \$113,158 (\$78,486 in 2008). Revenues for the quarter were \$71,956 in 2009 and \$741,982 in 2008.

The net loss of \$206,942 for the quarter ended January 31, 2009 is a substantial change from the net profit of \$2,866,706 for the quarter ended January 31, 2008. The difference is attributed mainly to the following: recovery of future income tax recorded for \$405,000 (\$2,844,919 in 2008), interest income was \$9,876 (\$89,678 in 2008), income for administrative overhead and project management was \$13,097 (\$134,442 in 2008), income for camp and equipment rental was \$3,825 (\$3,825 in 2008), recovery of expenses was \$0 (\$97,694 in 2008), amortization expense was \$95,819 (\$105,366 in 2008), recoverable field expenses were \$103 (\$9,488 in 2008), stock compensation expense was \$240,000 (\$50,400 in 2008), wages and benefits were \$76,418 (\$98,382 in 2008), loss on sale of investment was \$60,943 (\$0 in 2008), and gain on sale of property was \$0 (\$80,918 in 2008).

The net loss of \$250,091 for the quarter ended October 31, 2008 (\$204,803 in 2007) is mainly attributed to the following: revenues for the quarter were \$25,211 (\$316,822 in 2007), amortization expense was \$90,085 (\$56,938 in 2007), consulting was \$6,900 (\$11,500 in 2007), equipment lease expense was \$1,905 (\$3,718 in 2007), equipment repairs and maintenance expense was \$2,013 (\$0 in 2007), filing fees were \$6,365 (\$10,461 in 2007), insurance was \$0 (\$6,208 in 2007), office expenses were \$4,851 (\$17,682 in 2007), rent was \$15,570 (\$14,190 in 2007), professional fees were \$3,633 (\$630 in 2007), recoverable field expenses were \$0 (\$275,201 in 2007), research expense was \$0 (\$6,603 in 2007), software support was \$8,860 (\$7,709 in 2007), travel was \$21,715 (\$20,662 in 2007), and wages and benefits were \$59,561 (\$15,746 in 2007).

## Liquidity and Capital Resources

	October 31, 2009	January 31, 2009
Current Assets	2,867,610	4,844,823
Current Liabilities	<u>1,627,564</u>	<u>1,087,980</u>
Working Capital	<u>1,240,046</u>	<u>3,756,843</u>

As at October 31, 2009 the Company held \$2,105,000 in Guaranteed Investment Certificates. Subsequent to the end of the period, \$110,000 was withdrawn and deposited to the bank and a new GIC for \$1,000,000 was purchased. There are currently two Guaranteed Investment Certificates that earn .25%. One is for \$1,995,000 and matures on March 24, 2010 and the second is for \$1,000,000 and matures on December 1, 2010.

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.

### 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, 2009, the Company's issued share capital was as follows:

	<u>Number of Shares</u>	<u>\$ Amount</u>
Preferred Shares - January 31, 2009	3,000	\$ 3,000
Preferred shares converted	(1,500)	(1,500)
Preferred Shares - October 31, 2009	<u>1,500</u>	<u>1,500</u>
Common Shares - January 31, 2009	88,692,509	36,655,350
Private placement	1,300,000	325,000
For property		
Exercise of options		
Preferred share conversion	4,225	1,500
Flow-through shares		(97,500)
Share issue costs		(3,100)
Common Shares - October 31, 2009	<u>89,996,734</u>	<u>36,881,250</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, 2009 is as follows:

	<u>Number of Shares</u>
Outstanding January 31, 2009	4,150,000
Granted	2,000,000
Expired	<u>(300,000)</u>
Outstanding July 31, 2009	<u>5,850,000</u>

## Options Granted

On July 28, 2009, the Company granted incentive stock options to directors, officers, employees and consultants of the Company, to purchase up to 2,000,000 common shares in its capital stock at a price of \$0.30 per share, exercisable for a period of five years.

The Company accounted for stock compensation expense of these options using the following assumptions: risk-free interest rate of 2.5%, dividend yield of 0%, volatility of 70%, and expected lives of five years. The Company has recorded \$356,000 in stock based compensation expense on 2,000,000 stock options during the year.

A summary of the status of the company incentive stock option plan as at July 31, 2009 is as follows:

<u>Number of Shares Under Option</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
150,000	1.09	January 11, 2010
975,000	0.82	June 19, 2010
50,000	0.79	March 8, 2011
125,000	1.07	October 2, 2011
775,000	2.62	January 12, 2012
200,000	2.55	July 2, 2012
1,575,000	1.25	February 14, 2013
<u>2,000,000</u>	0.30	July 28, 2014
<u>5,850,000</u>		

## Warrants

There were no outstanding warrants at October 31, 2009.

## **Related Party Transactions**

During the period ended October 31, 2009, the Company incurred charges from directors or companies sharing common directors as follows:

	<u>2009</u>
Consulting	\$ 32,100
Exploration expenditures	168,601
Management fee	72,000
Office services	404
Shareholder relations & promotion	15,775
Travel	<u>7,603</u>
	<u>\$ 296,483</u>

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

## **Subsequent Events**

On November 11, 2009 JNR Resources Inc. closed a private placement totalling \$1,850,000. These funds were raised through the issue by JNR of 7,400,000 flow-through common shares at a price of \$0.25 per share. A commission of \$96,000 was paid to Toll Cross Securities Inc. as consideration for arranging a portion of the private placement. The shares issued pursuant to the Private Placement are subject to a hold period expiring March 11, 2010.

## **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 October 31, 2009.

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

Statements contained in this report that are forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, risks related to the accessibility to the property; operational risks; weather; availability of equipment and personnel; changes in project parameters as plans continue to be refined; delays in obtaining governmental approvals; delays or failure in obtaining financing on acceptable terms. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.