



# **UNOR INC**

## **QUARTERLY REPORT**

**June 30, 2007**



## **CORPORATE PROFILE**

**Listing:** TSX Venture - Symbol **UNI** US OTC – Symbol **UNOFF**

**Share Capital:**

- **Authorized:** Unlimited number of common shares  
Unlimited number of preferred shares
  
- **As of August 22, 2007 issued:**
  - 123,517,307 common shares
  - 6,670,447 options @ wt avg 49 cents
  - 2,594,008 warrants @ wt avg 45 cents

**Officers:**

- George Bell, President & CEO
- David Bent, Vice President Exploration
- Ian Shaw, Vice President Finance & CFO
- Thomas Devlin, Secretary

**Directors:**

- Ronald Barnes, Chairman
- Bruno Arnold
- Birks Bovaird
- James Marlatt
- Andrew Rickaby

**Auditors:**

McGovern, Hurley, Cunningham, LLP  
2005 Sheppard Avenue, Suite 300  
Toronto, Ontario M2J 5B4

**Legal Counsel:**

Beach, Hepburn, LLP  
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**UNOR INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**June 30, 2007**

This Management Discussion and Analysis (“MD&A”) has been prepared as of August 22, 2007 and should be read in conjunction with the interim unaudited consolidated financial statements of the Company for the three months ended June 30, 2007, and the related notes. The Company’s reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars unless noted otherwise. The Company reports its financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles.

**1. Forward-Looking Statements**

This MD&A contains certain forward-looking statements. These statements are based on certain estimates and assumptions and involve risks and uncertainties, including but not limited to: political risks, title risks, commodity price and currency exchange rate risks, operating and environmental hazards encountered in the mineral exploration and development business, general industry and economic conditions, changes in the regulatory requirements affecting the Company’s business, future capital expenditures and the availability and terms of financing. Consequently, actual results and events may vary significantly from those included, contemplated or implied by such statements.

**2. Corporate Overview**

In 1996, UNOR Inc. (“UNOR” or the “Company”) was incorporated in Ontario with its primary focus on uranium exploration in Nunavut, Canada. Nunavut is the only territory and/or province that has settled its native land claim issues. Currently, in Nunavut UNOR is exploring 2.7 million acres for uranium an increase of 414% over 2006.

In June 2006, Cameco Corporation (“Cameco”) acquired 19.5% of the Company and the companies agreed to a Strategic Alliance Agreement that provides to UNOR ongoing uranium technical knowledge, guidance and exploration opportunities.

In September 2006, Cameco and UNOR established a Joint Technical Committee (“JTC”) to facilitate consultations between the companies with respect of exploration programs.

Since September 2006, the Company has increased its Nunavut uranium exploration area from 0.5 million acres to 2.7 million acres as shown below:

- In September 2006, UNOR and Adriana Resources Inc. (“Adriana”) agreed to form UNAD a 50/50 uranium joint-venture project between the companies. UNAD has staked 41 claims that cover 89,325 acres. These 41 claims include several historic uranium occurrences and are located on the eastern edge of the Hornby Bay Basin, Nunavut, adjoining UNOR’s and Adriana’s properties;

- In October 2006, UNOR entered into the Lac Rouviere option/joint venture agreement with Cameco on 206 uranium mineral claims covering 521,500 acres in western Nunavut which adjoin the northwest corner of UNOR's wholly owed Coppermine River claim block and UNOR is the operator; and
- In February 2007, UNOR entered into the Baffin Island joint venture agreement with Cameco to explore for uranium on 27 Prospecting Permits covering 1,588,000 acres on Baffin Island in eastern Nunavut.

Since 2003, the Company has invested a total of \$24 million on the systematic exploration and advancement of these uranium mineral claims.

Also, the Company owns 100% of four copper crown grants in the Princeton area of British Columbia; one nickel claim in the Thompson area of Manitoba and 26 gold claims and leases in the Timmins and Dryden areas of Ontario.

The Company is a reporting issuer in Ontario, British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol UNI.

### **3. Operating Strategy**

The Company's overall mineral exploration strategy is based on:

- Aggressively and systematically pursuing the discovery of uranium deposits in Nunavut on its 100% owned mineral claims and leases, and on its Cameco and UNAD joint venture properties covering 2.7 million acres; and
- Evaluating its properties in Nunavut, Ontario, British Columbia and Manitoba for all forms of economic mineral development, including uranium, diamonds, precious metals, copper and nickel.

### **4. Highlights**

On March 31, 2006, the Company entered into a Memorandum of Understanding with Cameco Corporation to form a strategic alliance and for Cameco to subscribe for a non-brokered private placement of shares representing a 19.5% ownership of the Company at a price of \$0.40 per share. On May 9, 2006, the Company announced that the parties had executed a binding subscription agreement in which Cameco subscribed for 19.5% of the outstanding shares of UNOR for aggregate gross proceeds of \$9,162,765. A special meeting of shareholders on June 16, 2006 approved the Cameco transaction and the closing of the transaction occurred on June 19, 2006. At the closing of this non-brokered private placement the companies entered into a Strategic Alliance Agreement. The Strategic Alliance Agreement includes the following terms and conditions:

- (a) for as long as Cameco maintains ownership of at least 16% of the issued and outstanding shares of UNOR, Cameco will have the right to participate in any future equity issuances by UNOR, to match any equity or debt funding required by UNOR for development of a mine, to operate any mine developed, to provide milling capacity and to market any uranium produced by UNOR;
- (b) for as long as Cameco maintains ownership of at least 10% of the issued and outstanding shares of UNOR, Cameco will have the right to nominate one person for election to the board of directors of UNOR and UNOR will consult with Cameco concerning exploration, development and mining technical work

- programs; and
- (c) each party will have first right of refusal to purchase from the other any uranium exploration projects the other may wish to sell in a specified area of western Nunavut or eastern North West Territories.

On September 22, 2006, the Company and Cameco Corporation established a JTC to facilitate consultations between the companies with respect to technical work programs. The JTC is comprised of four members with two senior exploration personnel from both companies. The JTC duties are to review and recommend exploration plans and budgets for UNOR.

On October 23, 2006, the Company announced that it has entered into an option agreement with Cameco Corporation on uranium mineral claims held by Cameco covering 521,500 acres in western Nunavut (the "Property") which adjoins the northwest corner of UNOR's wholly owned Coppermine River claim block. The Option Agreement is subject to the following terms and conditions:

- To earn a 60% interest in the Property, UNOR must incur exploration and development expenditures of \$3.0 million by March 31, 2010, of which a minimum of \$2.0 million must be incurred on or before June 30, 2008.
- UNOR is the operator subject to the guidance of a joint UNOR/Cameco Technical Committee and the Strategic Alliance Agreement between the parties.
- The parties will establish a joint venture on the date UNOR has exercised its earn-in rights of 60%.
- Cameco has the right within 90 days after the joint venture has either operated for two years or incurred \$3.0 million of expenditures on the Property to earn back 15% by investing an additional \$3.0 million to increase its interest to 55% and reduce UNOR's interest in the Property to 45%.

On November 29, 2006 the Company issued 4,867,000 flow-through common shares at \$0.52 per share pursuant to a brokered private placement to raise gross proceeds of \$2,530,840 and Cameco, pursuant to the terms of the UNOR/Cameco Strategic Alliance Agreement, subscribed for 1,178,963 flow-through common shares for gross proceeds of \$613,060.

On February 28, 2007 the Company entered into a letter agreement with Cameco Corporation to establish a joint venture to explore for uranium on 27 Prospecting Permits currently held by Cameco covering 1,588,000 acres on Baffin Island, Nunavut, Canada. The joint venture agreement includes the following provisions:

- The formation of a management committee comprised of two representatives from each party.
- UNOR will be the operator of the joint venture.
- The operator will be subject to the general control and direction of the JTC established pursuant to the Strategic Alliance Agreement dated June 19, 2006 between the parties.

## **5. Exploration Properties**

In 2007, the Company's planned exploration budget is \$7.0 million with its focus on the discovery of economic uranium deposits on its large land holdings south of Kugluktuk in western Nunavut. The high grade unconformity model of uranium deposition (McArthur River deposit) remains the primary target. However, increasing emphasis is being placed on structurally controlled, basement hosted style mineralization (Eagle Point deposit) and the disseminated, sandstone hosted model (Mountain Lake deposit) where the target is in the upper sequences of the basin sediments. The acquisition of additional lands since 2006 under the UNAD Joint Venture with Adriana Resources, the Lac Rouviere Option/Joint Venture with Cameco and the Baffin Island Joint Venture with Cameco has greatly expanded the Company's land holdings in Nunavut and the potential for a new uranium discovery.

The Baffin Island Joint Venture was initiated in early 2007 to explore 27 exploration permits covering large portions of the Borden and Fury-Hecla Proterozoic sandstone basins. The area is remote and historical exploration for uranium has been less intensive than in the other major basins in Canada. The 2007 program will focus on data compilation and a two week helicopter assisted field evaluation of the area during August which will serve as a basis for planning a more comprehensive exploration program for the 2008 season.

The 2007 field work on the Nunavut properties commenced early April with the mobilization of the geophysical crew to Kugluktuk to conduct detailed magnetometer surveying of selected kimberlite targets on the Asiak property. Concurrently, the Mouse Lake camp was reopened and an airstrip was cleared on the lake for the fuel haul. The geophysical crew moved to the camp in mid April to commence surveys on the Coppermine property and the drill was mobilized on April 20<sup>th</sup>. Geophysical surveying and drilling has continued to the present except for a two week suspension in June to allow for break up of the ice on Mouse Lake. After break up, a team of geologists was added to the project to conduct mapping and prospecting programs and a second helicopter was brought in to assist in crew mobilization and drill moves.

The Company is continuing the policy of hiring local Inuit to complement the field crews and the maximizing of purchases of local supplies and services from Kugluktuk. The contribution to the ecological surveys being conducted by the Nunavut Wildlife Department will continue in 2007 and be expanded to include assistance for a new initiative by the Wildlife Officer to study the local vegetation. The Company's participation in these surveys will be of great significance when the necessity for baseline environmental data becomes a requirement.

Statistics for 2007 field work completed to mid August include the following:

- 12 drill holes (uranium) completed for 3,941 metres
- three drill holes (diamond) completed for 776 metres
- 280 drill core samples submitted for assay
- 110 surface rock samples collected
- 449 kilometres of ground geophysics on the Coppermine project
- 35.7 kilometres of ground geophysics on the Asiak project
- two new claims covering 2,350 hectares staked under the UNAD JV

Major highlights of the 2007 program to date include:

- Intersection of uranium within the Leroux sandstone (HB-07-42) on the Hot Creek structure
- Discovery of a new uranium showing (Beep) in the Leroux sandstone on claim CM 78
- Basement conductor (CM 90) coincident with surface alteration zone north of Bluto lake
- The Spark uranium showing on the CM 86 claim was reevaluated and will be drilled

### ***UNOR Coppermine River Project***

To date, in 2007 a total of 4,745 metres of drilling have been completed in 15 drill holes. Three of the holes were abandoned due to technical problems. The drill is presently in the southern panhandle where one hole has been completed to test the southeastern extension of the Bog zone and a second hole is in progress. The drill will remain in the area to the end of the field season testing geophysical targets on the CM 90 and LB 73 grids as well as the Bog and CM 86 uranium showings.

Initial drilling concentrated on the Hot Creek structure located south of the Mouse Lake camp. The structure is considered to be the western boundary fault of the Mouse River graben and is marked by a distinct off-set in the Dismal Lakes/Hornby Bay contact. A significant number of large sandstone blocks were discovered on the western side of the fault that carried anomalous uranium and copper values similar to the mineralization at the Mountain Lake deposit.

Seven holes to test the Hot Creek structure were completed and an eighth hole was abandoned at 207 metres after the rods broke and froze in the hole. The drilling indicates a vertical displacement of approximately 30 metres across the fault. Uranium mineralization occurs in syndepositional debris flows within the lower portion of the Leroux sandstone. A 6.8 metre intersection in HB-07-42 gave readings of up to 2000 counts per second on the Mount Sopris probe over the interval 59.2 – 66.0 metres in hole HB-07-42. Of interest, the surface showing has the uranium associated with hematite indicating deposition under oxidizing conditions whereas in the case of the drill intersection the uranium is associated with pyrite indicating deposition under reducing conditions. An Induced Polarization survey will be conducted over the zone in late August to define drill targets for the 2008 season.

Two holes were drilled to test the most westerly of three basement conductors that define the northern extension of the Contact East zone. Both holes encountered technical problems and did not reach final target depth. They were, however, successful in proving that the vertical fault offset of the unconformity in the target zone exceeds 100 metres and that there is extensive leaching within the sandstone overlying the conductor. A larger drill will be required to adequately test the target.

Three short holes were drilled to test the best magnetic bulls-eye kimberlite targets. Anomalies BN-1 and BN-2 south of the Kendall River and BN- 4 to the north of Contact Lake proved to be caused by magnetite bearing syenite, trachyte and biotite-garnet gneiss, respectively.

The first hole of the Bog zone drill program was sited 70 metres southwest of hole HB-06-38 and intersected 0.6 metres of radioactivity within quartz-pyrite veins within granitoid at a depth of 55 metres. The drill is presently set up 100 metres southeast of the HB-06-33 holes to test for the down dip extension of the 9.1 metre intersection of 0.12% U3O8 encountered in HB-06-33 B.

A new moving loop time domain electromagnetic array termed StepWise was deployed this season as a first pass method to detect deep conductors. The conductors are then better defined by Fixed Loop time domain electromagnetic surveys prior to drill testing. The crew has been working extensively on the major MEGATEM conductor to the north of Sickle Lake that extends for about 20 kilometres under the central part of the basin. At least two of the stronger portions of the conductor will be drill tested in 2008.

A crew from EMPulse Geophysics Ltd. has commenced a line of Transient Audio Magnetotelluric geophysics across the C2-32 alteration zone. The system is designed to detect alteration as well as conductivity and a line will also be completed over the CM 53 FLTDEM anomaly that is part of the MEGATEM conductive zone mentioned above.

The CM 90 and LB 73 conductors to the south and east of the Bog zone were detected by FLTDEM and will be drill tested before the end of the 2007 season. The CM 90 conductor is coincident with an extensive zone of silica/ clay alteration within the overlying sandstone.

A three kilometre long horizontal loop electromagnetic conductor was detected on the DM 69 grid that is coincident with a magnetic anomaly defining a fault contact in the basement rocks west of Wolverine Lake. The anomaly will be prospected.

An Induced Polarization/ Resistivity line will be surveyed across the Beep radioactive occurrence that was recently discovered on the CM 78 north of Mouse River. Uranium mineralization is associated with pyrite in Leroux sandstone similar to that at Hot Creek. The sandstone dips at 4 degrees to the west under glacial cover. It is hoped that IP will be able to detect zones of increased pyrite content that will lead to the discovery of higher grade uranium mineralization.

A Queens University graduate student under the supervision of Dr. Kurt Kyser is systematically sampling the lower Hornby Bay sandstone drill core and will study fluid flow, porosity and alteration in an effort to vector towards the more favorable sites for uranium deposition at the unconformity.

### ***UNOR Asiatic River Project***

Fourteen of the magnetic anomalies were further defined by detailed magnetometer surveying. Two of the anomalies could be classified as moderate and three as weak kimberlite targets.

The planned drilling of the Little Grey Owl Lake and Tara West uranium showings along with kimberlite targets has been deferred due to the higher priority of testing targets on the Coppermine River Project.

### ***Lac Rouviere Cameco Option/Joint Venture***

The interpretations of the 2006 GEOTEM airborne survey has been completed by both FUGRO and Condor Consulting Ltd. and is being reviewed for potential ground follow up targets. Ground work is in progress on a large HLEM/magnetometer grid covering the Hanbury GEOTEM anomaly in the western portion of the property.

The geological crew are actively prospecting and mapping the property. The historical showings are being reevaluated and prospecting is being guided by the detailed geological compilation that has been digitized from the BP Minerals data.

The FUGRO airborne gamma-ray/magnetometer survey at 150-metre line spacing over approximately 20,000 kilometres initially scheduled for July 2007 has been delayed by FUGRO to July 2008.

### ***UNAD Joint Venture***

Two additional claims were staked north of Mountain Lake to cover sheeted quartz/copper veins that outcrop along the Herb Dixon fault and may be indicators of deep seated uranium mineralization. Prospecting of the claims is proceeding in conjunction with the work on the Lac Rouviere property.

A magnetometer/HLEM grid is being surveyed over a GEOTEM anomaly north of the Kendall River.

The FUGRO gamma ray/ magnetometer survey mentioned above will be extended to cover the UNAD claims.

### ***Baffin Island Cameco Joint Venture***

Four hundred drums of Jet B fuel have been shipped by barge to the project area for use during the 2007 and 2008 seasons. A two to three week evaluation of the 27 exploration permits is in progress by two UNOR and two Cameco geologists using two Long Ranger helicopters. The planning of the 2008 program will be based in large part on their observations during this trip.

### ***Other Properties***

#### Ontario Properties:

Laurion Mineral Exploration Inc. has not reported any 2007 work on the Timmons gold property to date.

#### Manitoba, British Columbia & Northwestern Ontario Properties:

During 2007, no work was scheduled on the Manitoba gold/nickel, the British Columbia copper and northwestern Ontario gold properties.

## Exploration and Development Costs Summary

Property	Balance June 30, 2007 \$	Changes During Period \$	Balance March 31, 2007 \$
Asiak River, Nunavut			
Airborne Geophysics	587,575	-	587,575
Assaying	442,608	28,938	413,670
Camp Operations & Support	1,299,245	-	1,299,245
Drilling	374,025	-	374,025
Geology	509,293	-	509,293
Ground Geophysics	836,516	10,611	825,905
Program Planning & Reports	268,298	929	267,369
Recording fees	70,732	-	70,732
Sampling	612,142	-	612,142
Total Asiak	<u>5,000,434</u>	<u>40,478</u>	<u>4,959,956</u>
Coppermine River, Nunavut			
Airborne Geophysics	1,776,252	900	1,775,352
Assaying	236,148	-	236,148
Camp Operations & Support	2,130,918	-	2,130,918
Drilling	6,154,744	639,926	5,514,818
Geology	896,695	36,395	860,300
Ground Geophysics	2,277,435	18,230	2,259,205
Lease Rental Payments	273,289	-	273,289
Program Planning & Reports	616,905	1,750	615,155
Recording fees	105,257	-	105,257
Sampling	426,321	-	426,321
Surveying	885,460	-	885,460
Expenses to be allocated	2,394,658	2,394,658	-
Total Coppermine	<u>18,174,082</u>	<u>3,091,859</u>	<u>15,082,223</u>
East Block, Nunavut			
Airborne Geophysics	103,595	-	103,595
Assaying	16,619	-	16,619
Camp Operations & Support	229,010	-	229,010
Geology	83,802	-	83,802
Ground Geophysics	46,892	-	46,892
Program Planning & Reports	61,672	-	61,672
Recording fees	16,582	-	16,582
Sampling	44,924	-	44,924
Total East Block	<u>603,096</u>	<u>-</u>	<u>603,096</u>
Unad JV, Nunavut			
Airborne Geophysics	48,437	1,325	47,112
Camp Operations & Support	55,104	-	55,104
Geology	34,603	-	34,603
Ground Geophysics	56,483	-	56,483
Program Planning & Reports	14,459	-	14,459
Recording fees	8,035	-	8,035
Staking	37,902	-	37,902
Total Unad JV	<u>255,023</u>	<u>1,325</u>	<u>253,698</u>
Lac Rouviere Property, Nunavut			
Program Planning & Reports	28,928	20,322	8,606
Total Lac Rouviere	<u>28,928</u>	<u>20,322</u>	<u>8,606</u>
Baffin Island Project			
Program Planning & Reports	373	373	-
Total Baffin Island	<u>373</u>	<u>373</u>	<u>-</u>
Total Nunavut	<u>24,061,936</u>	<u>3,154,357</u>	<u>20,907,579</u>
Ontario Gold Properties	141,925	(25,000)	166,925
B.C. Properties	32,514	104	32,410
Ace Claim, Manitoba	1,321	-	1,321
	<u>24,237,696</u>	<u>3,129,461</u>	<u>21,108,235</u>

## **6. Liquidity and Capital Resources**

The Company has no operating revenues and relies primarily on equity financings as well as the exercise of warrants and options to fund its exploration and administrative costs. During the three months ended June 30, 2007, the Company did not complete any financings.

The Company's operations consist of the exploration and evaluation of its various properties, a process that is ongoing, and is dependent on many factors some of which are beyond the Company's control. The Company maintains a policy of reviewing its working capital requirements on a continuous basis and is mindful of its property and administrative commitments.

During the year ended March 31, 2004, the Company found it necessary to secure its land positions in the Hornby Bay Basin and Asiatic River areas of Nunavut by making cash deposits with the Government of Canada in amounts totalling \$2,375,030. Funds to make these deposits were sourced from loans totalling \$2,376,974 which have been repaid.

As at June 30, 2007, the Company had received \$2,067,932 in deposit refunds from the government, and is awaiting approval of assessment reports it has filed with the government for the balance refundable of \$307,098.

At June 30, 2007, the Company's working capital totalled \$4,374,619 compared to \$7,147,395 at March 31, 2007. Cash balances were \$4,879,919 compared with \$6,491,389 at March 31, 2007. These decreases are primarily due to exploration costs of \$3,129,461 and an operating loss of \$181,590. The Company's cash resources will fund the Company's planned activities until 2008.

### **Selected Annual Information**

	2007	Year ending March 31, 2006	2005
	\$	\$	\$
Total revenues	218,641	65,833	37,022
Net Income (loss)	(614,934)	(1,036,748)	(1,296,702)
Basic net Income (loss) per share	(0.01)	(0.01)	(0.02)
Diluted net Income (loss) per share	(0.01)	(0.01)	(0.02)
Total assets	29,531,960	18,560,769	14,795,517

## **7. Results of Operations**

During the three months ended June 30, 2007, the Company recorded an operating loss before Stock Option Compensation and income tax recoveries of \$154,879 compared to \$208,095 for the three months ended June 30, 2006. This decrease in operating loss is the result of an increase in interest income of \$32,956 and a decrease in general and administrative expenses of approximately \$20,000.

## Summary of Quarterly Results

	Fiscal 2008			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Total Revenues		\$	\$	\$ 56,400
Net loss (income)				181,590
Basic net loss (income) per share				-
Diluted net loss (income) per share				-

  

	Fiscal 2007			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Total Revenues	65,727	\$ 56,692	\$ 72,778	\$ 23,444
Net loss (income)	356,616	(88,115)	108,526	237,907
Basic net loss (income) per share	0.01	-	-	-
Diluted net loss (income) per share	0.01	-	-	-

  

	Fiscal 2006			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Total Revenues	12,662	\$ 14,505	\$ 9,487	\$ 29,179
Net loss (income)	102,887	178,636	354,174	401,051
Basic net loss (income) per share	-	-	0.01	-
Diluted net loss (income) per share	-	-	0.01	-

## **8. Outstanding Share Data**

As of August 22, 2007, the Company has issued one class of common shares and a total of 123,517,307 shares are outstanding. The Company has 2,594,008 share purchase warrants outstanding. Each warrant entitles the holder to purchase one common share at prices of \$0.45 per until December 24, 2007. Stock options outstanding as of August 22, 2007 total 6,670,447 and are exercisable for common shares at prices ranging from \$0.35 per share to \$ 0.67 per share

## **9. Commitments**

- (a) The Company is party to certain management contracts. Minimum management contract commitments remaining under the agreements are approximately \$163,000, all payable within one year.
- (b) Pursuant to the issuance of 6,045,963 flow-through shares in November 2006 the Company renounced \$3,143,900 of qualified exploration expenditures with an effective date of December 31, 2006. As of March 31, 2007, the Company has expended \$1,077,663 related to these flow through funds and is required to expend the balance of \$2,066,237 by December 31, 2007. As of June 30, 2007, the Company has met its expenditure requirements.

- (c) The Company is committed to minimum rentals under a long-term lease for premises, which expires May 31, 2012. Minimum rental commitments remaining under this lease approximate \$167,000 including \$34,000 due within one year. Minimum rental commitments for successive years approximate:

<u>Year</u>	<u>Amount</u>
	\$
2008	25,000
2009	34,000
2010	34,000
2011	34,000
2012	34,000
2013	6,000
	<u>167,000</u>

### **10. Changes in Accounting Policies**

- a) Effective April 1, 2007, the company adopted the Canadian Institute of Chartered Accountants ("CICA") section 3855, "Financial Instruments – Recognition and Measurement," section 3865, "Hedges," section 1530, "Comprehensive Income". These standards have been adopted prospectively with no restatement of prior periods.

*i) Financial Instruments*

Under the new standards, financial assets and liabilities, including derivative instruments, are initially recognized and subsequently measured based on their classification as "held for-trading", "available-for-sale" financial assets, "held-to-maturity", "loans and receivables", or "other" financial liabilities. Held-for-trading financial instruments are measured at their fair value with changes in fair value recognized in net income for the period. Available-for-sale financial assets are measured at their fair value and changes in fair value are included in other comprehensive income until the asset is removed from the balance sheet. Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method. Derivative instruments, including embedded derivatives, are measured at their fair value with changes in fair value recognized in net income for the period, unless the instrument is a cash flow hedge and hedge accounting applies, in which case changes in fair value are recognized in other comprehensive income.

*ii) Hedging*

Section 3865 specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. As at and during the three month period ended June 30, 2007, the Company had no hedges.

*iii) Comprehensive income*

Section 1530 establishes standards for reporting and presenting comprehensive income. Comprehensive income, composed of net income and other comprehensive income, is defined as the change in shareholders' equity from transactions and other events from non-owner sources. Other comprehensive

income for the Company includes unrealized gains and losses on available-for-sale securities and changes in the fair market value of derivatives designated as cash flow hedges, all net of related income taxes. The components of comprehensive income are disclosed in the statement of operations and comprehensive income. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income ("AOCI") which is presented as a new category in shareholders' equity.

The application of these new standards has had no impact on the Company's financial statements as at and for the three month period ended June 30, 2007, and as such, a statement of comprehensive income has not been included in these financial statements.

- b) Effective April 1, 2007, the Company adopted the revised CICA section 1506, "Accounting Changes." Under the revised section, voluntary changes in accounting policy are permitted only if they result in financial statements that provide more reliable and relevant information to the reader. Changes in accounting policy must be applied retrospectively, while changes in accounting estimates are to be applied prospectively. The revised section also outlines additional disclosure required when accounting changes are applied, including the justification for the change, a complete description of the policy, the primary source of GAAP and the detailed effect of financial statement line items.

The Company has determined that the adoptions of these new policies had no material impact on its financial statements and determined that no adjustments are required for the period ended June 30, 2007.

## **11. Financial Instruments**

### ***Fair value***

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for cash and equivalents, refundable deposits, GST receivable and accounts payable and accruals on the balance sheet approximate fair value because of the limited term of the instruments.

### ***Commodity Price Risk***

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

## **12. Litigation**

The Company is not involved in any outstanding litigation.

### **13. Off Balance Sheet Arrangements**

The Company has no off balance sheet arrangements.

### **14. Related Party Transactions**

The Company had no related party transactions except in the normal course of operations that were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Cameco currently holds a 19.5% interest in the Company. Under the terms of a strategic alliance agreement dated June 19, 2006, Cameco has the right to maintain this interest through future participation in cash and non-cash share offerings of the Company as well as share issuances on the conversion of convertible instruments. Cameco can exercise this right as long as at the time of the offering it holds a minimum of 16% of the issued and outstanding shares of the Company. Cameco is also entitled to nominate one individual for election to the board of directors of the Company as long as it holds not less than 10% of the issued and outstanding shares of the Company.

### **15. Directors and Officers Compensation**

During the three months ended June 30, 2007 the Company paid \$16,625 to directors of the Company and \$127,950 to officers of the Company as remuneration for services provided.

### **16. Disclosure Controls and Procedures and Internal Control over Financial Reporting**

The Company has established and is maintaining disclosure controls and procedures. These provide reasonable assurance that material information relating to the Company is disclosed in annual filings, interim filings or other reports and is recorded, processed, summarized and reported within the time periods as required by securities regulations.

Management has evaluated the effectiveness of the Company's disclosure controls and procedures and believes that they are sufficient to provide reasonable assurance that the Company's disclosures are compliant with securities regulations.

The Company has established and is maintaining internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Generally Accepted Accounting Practices.

No changes in the Company's internal control over financial reporting has occurred that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## **17. Risks & Uncertainties**

### ***Exploration***

The Company's exploration projects are subject to conditions beyond its control that can affect the carrying costs and development costs for varying lengths of time. Such conditions include environmental hazards, unusual or unexpected geological formations or pressures and periodic interruptions due to inclement or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties or facilities, personal injury, environmental damage, delays in exploration programs, monetary losses and possible legal liability. Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that exploration efforts will be successful. Success in establishing reserves is a result of a number of factors, including the quality of management, the Company's level of geological and technical expertise, the quality of land holdings, the availability of suitable contractors, and other factors. Through high standards and continuous improvement the Company works to reduce these risks and maintains insurance to cover normal business risks.

If mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves through drilling, to determine the optimal metallurgical process to extract the metals from the ore and to construct mining and processing facilities. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment of resources or reserves. Whether a resource deposit will ultimately be commercially viable depends on a number of factors, including the particular attributes of the deposit such as the deposit's size, financing costs and the prevailing prices for the applicable resource. Also of key importance are government regulations, including those relating to prices, taxes, royalties, land tenure, land use and environmental protection.

### ***Financing***

In the absence of cash flow from operations the Company relies on the capital markets to fund operations. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that additional funding will be available, or available under terms favourable to the Company. Failure to obtain such additional finance could result in delay or the indefinite postponement of further exploration and the development of the Company's properties.

### ***Licenses and Permits, Laws and Regulations***

The Company's exploration activities require permits from various government authorities, and are subject to extensive federal provincial and local laws and regulations governing prospecting, exploration, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become stringent and compliance can therefore become more costly. The Company relies on the expertise and commitment of its management team, their advisors, its employees and contractors to ensure compliance with current laws and fosters a climate of open communication and co-operation with regulatory bodies.

The Company believes that it holds all necessary licenses and permits under applicable laws and regulations and believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in various circumstances. There can be no guarantee that the Company will be able to maintain or obtain all necessary licenses and permits that may be required to explore and develop its properties, commence construction or operation of mining facilities or to maintain continued operations.

### ***Environmental, Health and Safety***

The Company's activities are subject to extensive federal, provincial and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, where enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The company is also subject to various reclamation-related conditions imposed under federal or provincial rules and permits, and there can be no assurance that they will not change in the future in a manner that could have a material effect on the Company's financial condition, liquidity or results of operations.

**FORM 52-109F2**

**CERTIFICATION OF INTERIM FILINGS**

**I, George P. Bell, the Chief Executive Officer of Unor Inc.,** certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of Unor Inc. (the issuer) for the interim period ending June 30, 2007;
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings; and
3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;
4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:
  - a. designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the annual filings are being prepared; and
  - b. designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP; and
5. I have caused the issuer to disclose in the annual MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

Date: August 22, 2007

(Signed) "George P. Bell"

[Name] George P. Bell

[Office] President and CEO

**FORM 52-109F2**

**CERTIFICATION OF INTERIM FILINGS**

**I, Ian Shaw, the Chief Financial Officer of Unor Inc.,** certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of Unor Inc. (the issuer) for the interim period ending June 30, 2007;
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings; and
3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;
4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:
  - a. designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the annual filings are being prepared; and
  - b. designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP; and
5. I have caused the issuer to disclose in the annual MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

Date: August 22, 2007

(Signed) "*Ian Shaw*"

\_\_\_\_\_  
[Name] Ian Shaw

[Office] Vice President and CFO

**UNOR INC.**

(A Development Stage Company)

**Interim Consolidated Financial Statements**

**June 30, 2007**

**Unaudited**

**UNOR INC.**  
(A Development Stage Company)  
Consolidated Balance Sheets

	<b>June 30, 2007 Unaudited</b>	March 31, 2007 Audited
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash and equivalents	4,879,919	6,491,389
Refundable deposits	342,098	669,853
GST receivable	158,642	46,505
Prepaid expenses	8,000	13,000
	<u>5,388,659</u>	<u>7,220,747</u>
<b>Equipment (Note 4)</b>	41,414	32,168
<b>Prepaid Mineral Exploration Expenditures</b>	650,000	1,170,810
<b>Interest in Mineral Properties (Note 5)</b>	<u>24,237,696</u>	21,108,235
	<u><u>30,317,769</u></u>	<u><u>29,531,960</u></u>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accruals	1,014,040	73,352
Future income tax liability	3,134,700	3,134,700
	<u>4,148,740</u>	<u>3,208,052</u>
<b>Shareholders' Equity</b>		
Capital stock (Note 6)	31,681,098	31,966,098
Contributed surplus (Note 7)	3,124,730	2,813,019
Deficit	<u>(8,636,799)</u>	<u>(8,455,209)</u>
Total Equity	<u>26,169,029</u>	<u>26,323,908</u>
	<u><u>30,317,769</u></u>	<u><u>29,531,960</u></u>

**Going Concern (Note 2)**

**Commitments (Notes 5 and 9)**

APPROVED ON BEHALF OF THE BOARD

\_\_\_\_\_, Director

\_\_\_\_\_, Director

See accompanying notes to the interim unaudited consolidated financial statements

# UNOR INC.

(A Development Stage Company)

Consolidated Statements of Operations and Deficit

Unaudited

	3 Months Ending June 30,	
	2007	2006
	\$	\$
<b>Revenue</b>		
Interest	<u>56,400</u>	23,444
<b>Expenditures</b>		
Stock option compensation	26,711	29,812
Professional fees	61,582	61,364
Interest and bank charges	878	384
Travel and promotion	13,462	17,623
Shareholders information	18,672	23,266
Office and general	26,597	37,677
Insurance	35,500	40,299
Salaries and benefits	36,763	33,601
Directors fees	15,625	15,625
Depreciation	2,200	1,700
	<u>237,990</u>	261,351
<b>Net Loss for the period</b>	<b>(181,590)</b>	(237,907)
(Deficit), beginning of period	<u>(8,455,209)</u>	(7,840,275)
<b>(Deficit) end of period</b>	<b>(8,636,799)</b>	(8,078,182)
<b>Net Loss per share - basic and diluted</b>	<u>-</u>	-
<b>Weighted average number of common shares outstanding</b>	<u>123,517,307</u>	97,330,652

See accompanying notes to the interim unaudited consolidated financial statements

**UNOR INC.**  
**(A Development Stage Company)**  
**Consolidated Statements of Cash Flows**  
**Unaudited**

	<b>3 Months Ending June 30,</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows From</b>		
<b>Operating activities</b>		
Net (Loss) for the period	<b>(181,590)</b>	(237,907)
Less: Items not involving cash		
Depreciation	<b>2,200</b>	1,700
Stock option compensation	<b>26,711</b>	29,812
Change in non cash working capital		
Decrease in refundable deposits	<b>327,755</b>	-
(Increase) in GST receivable	<b>(112,137)</b>	(118,912)
Decrease in prepaid expenses	<b>5,000</b>	8,457
Increase in accounts payable	<b>940,688</b>	67,921
	<b>1,008,627</b>	(248,929)
<b>Financing activities</b>		
Issuance of common shares and warrants	-	9,119,187
<b>Investing activities</b>		
Purchase of equipment	<b>(11,447)</b>	-
Prepaid mineral exploration expenditures	<b>520,810</b>	406,412
Interest in mineral properties	<b>(3,129,460)</b>	(2,812,958)
	<b>(2,620,097)</b>	(2,406,546)
<b>(Decrease) Increase in cash and equivalents</b>	<b>(1,611,470)</b>	6,463,712
<b>Cash and equivalents at beginning of period</b>	<b>6,491,389</b>	2,576,585
<b>Cash and equivalents at end of period</b>	<b>4,879,919</b>	9,040,297
Cash and equivalents are composed of the following:		
Cash	<b>76,763</b>	20,678
Cash equivalents	<b>4,803,156</b>	9,019,619
	<b>4,879,919</b>	9,040,297
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Interest paid	<b>484</b>	-
Income taxes paid	-	-

See accompanying notes to the interim unaudited consolidated financial statements

**UNOR INC.**  
**(A Development Stage Company)**  
**Notes to Unaudited Consolidated Financial Statements**  
**June 30, 2007**

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**1. BASIS OF PRESENTATION**

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by, and are the responsibility of, the Company's management.

The Company's independent auditor has not performed a review of these consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an auditor.

These interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and follow the same accounting policies and methods of application as the audited consolidated financial statements for the year ended March 31, 2007, except as disclosed in Note 3. They do not include all of the information and disclosures required by Canadian GAAP for annual consolidated financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these consolidated financial statements. Operating results for the period ended June 30, 2007 are not necessarily indicative of the results that may be expected for the full year ended March 31, 2008. For further information, see the Company's consolidated financial statements including the notes thereto for the year ended March 31, 2007.

**2. NATURE OF OPERATIONS AND GOING CONCERN**

Unor Inc. (the "Company") is a development stage company and currently has interests in exploration and development properties in Canada. Substantially all of the Company's efforts are devoted to financing and developing these properties. There has been no determination whether the Company's interests in mineral properties contain mineral reserves which are economically recoverable.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments 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 and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements.

The Company has a need for equity capital and financing in order to explore and develop its properties and for working capital requirements. Because of limited working capital and continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations.

Continued...

**UNOR INC.**  
**(A Development Stage Company)**  
**Notes to Unaudited Consolidated Financial Statements**  
**June 30, 2007**

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**3. CHANGES IN ACCOUNTING POLICIES**

- a) Effective April 1, 2007, the company adopted the Canadian Institute of Chartered Accountants ("CICA") section 3855, "Financial Instruments – Recognition and Measurement," section 3865, "Hedges," section 1530, "Comprehensive Income". These standards have been adopted prospectively with no restatement of prior periods.

*i) Financial Instruments*

Under the new standards, financial assets and liabilities, including derivative instruments, are initially recognized and subsequently measured based on their classification as "held-for-trading", "available-for-sale" financial assets, "held-to-maturity", "loans and receivables", or "other" financial liabilities. Held-for-trading financial instruments are measured at their fair value with changes in fair value recognized in net income for the period. Available-for-sale financial assets are measured at their fair value and changes in fair value are included in other comprehensive income until the asset is removed from the balance sheet. Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method. Derivative instruments, including embedded derivatives, are measured at their fair value with changes in fair value recognized in net income for the period, unless the instrument is a cash flow hedge and hedge accounting applies, in which case changes in fair value are recognized in other comprehensive income.

*ii) Hedging*

Section 3865 specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. As at and during the three month period ended June 30, 2007, the Company had no hedges.

*iii) Comprehensive income*

Section 1530 establishes standards for reporting and presenting comprehensive income. Comprehensive income, composed of net income and other comprehensive income, is defined as the change in shareholders' equity from transactions and other events from non-owner sources. Other comprehensive income for the Company includes unrealized gains and losses on available-for-sale securities and changes in the fair market value of derivatives designated as cash flow hedges, all net of related income taxes. The components of comprehensive income are disclosed in the statement of operations and comprehensive income. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income ("AOCI") which is presented as a new category in shareholders' equity.

The application of these new standards has had no impact on the Company's financial statements as at and for the three month period ended June 30, 2007, and as such, a statement of comprehensive income has not been included in these financial statements.

- b) Effective April 1, 2007, the Company adopted the revised CICA section 1506, "Accounting Changes." Under the revised section, voluntary changes in accounting policy are permitted only if they result in financial statements that provide more reliable and relevant information to the reader. Changes in accounting policy must be applied retrospectively, while changes in accounting estimates are to be applied prospectively. The revised section also outlines additional disclosure required when accounting changes are applied, including the justification for the change, a complete description of the policy, the primary source of GAAP and the detailed effect of financial statement line items.

The Company has determined that the adoptions of these new policies had no material impact on its financial statements and determined that no adjustments are required for the period ended June 30, 2007.

# UNOR INC.

(A Development Stage Company)

Notes to Unaudited Consolidated Financial Statements

June 30, 2007

## 4. EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net June 30, 2007</u>	<u>Net March 31, 2007</u>
	\$	\$	\$	\$
Furniture and fixtures	43,224	27,107	16,117	16,968
Computer equipment	<u>50,631</u>	<u>25,334</u>	<u>25,297</u>	<u>15,200</u>
	<u>93,855</u>	<u>52,441</u>	<u>41,414</u>	<u>32,168</u>

## 5. INTEREST IN MINERAL PROPERTIES

<b>Property</b>	<b>Balance June 30, 2007</b>	<b>Changes During Period</b>	<b>Balance March 31, 2007</b>
	\$	\$	\$
Asiak River, Nunavut (a)	<b>5,000,434</b>	40,478	<b>4,959,956</b>
Coppermine River, Nunavut (b)	<b>18,174,082</b>	3,091,859	<b>15,082,223</b>
East Block, Nunavut (c)	<b>603,096</b>	-	<b>603,096</b>
Unad JV, Nunavut (d)	<b>255,023</b>	1,325	<b>253,698</b>
Lac Rouviere, Nunavut (e)	<b>28,928</b>	20,322	<b>8,606</b>
Baffin Island, Nunavut (f)	<b>373</b>	373	<b>-</b>
Ontario Gold Properties (g)	<b>141,925</b>	(25,000)	<b>166,925</b>
B.C. Properties (h)	<b>32,514</b>	104	<b>32,410</b>
Ace Claim, Manitoba (i)	<b>1,321</b>	-	<b>1,321</b>
	<b>24,237,696</b>	3,129,461	<b>21,108,235</b>

### (a)(b)(c) **ASIAK RIVER, COPPERMINE RIVER and EAST BLOCK, NUNAVUT**

The Company holds a 100% interest in 225 mineral claims and leases covering 530,908 acres in Nunavut. During the 2004 fiscal year the Company re-evaluated these claims and made refundable deposits of \$2,375,030 with the Government of Canada to bring these claims into good standing. Since that time the Company has completed exploration work totaling \$23,777,610 on these properties. 209 of these claims and leases are subject to a 1% net smelter royalty and/or a 1% gross diamond royalty subject to a combined maximum of \$10,000,000.

### (d) **UNAD JV, NUNAVUT**

Pursuant to agreements dated September 30, 2006 the Company holds a 50% interest in 42 mineral claims covering 91,896 acres in Coppermine River area of Nunavut.

### (e) **LAC ROUVIERE PROPERTY, NUNAVUT**

On October 23, 2006 the Company entered into an option agreement with Cameco Corporation ("Cameco") on 206 uranium mineral claims held by Cameco covering approximately 521,500 acres in western Nunavut which adjoin the northwest corner of the Company's wholly owned Coppermine River claim block.

**UNOR INC.**  
**(A Development Stage Company)**  
**Notes to Unaudited Consolidated Financial Statements**  
**June 30, 2007**

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**5. INTEREST IN MINERAL PROPERTIES (Continued)**

In order to earn a 60% interest in the property, the Company must incur exploration and development expenditures of \$3.0 million by March 31, 2010, of which a minimum of \$2.0 million must be incurred on or before June 30, 2008. The parties will establish a joint venture on the date the Company has exercised its earn-in right of 60%.

The Company will be the operator of the joint venture.

Cameco has the right within 90 days after the joint venture has either operated for two years or incurred \$3.0 million of expenditures on the property to earn back 15% by investing an additional \$3.0 million to increase its interest to 55% and reduce the Company's interest to 45%.

**(f) BAFFIN ISLAND, NUNAVUT**

On February 28, 2007, the Company entered into a letter agreement with Cameco to establish a joint venture to explore for uranium on 27 prospecting permits currently held by Cameco covering 1,588,000 acres on Baffin Island, Nunavut, Canada.

The Company will be the operator of the joint venture.

The initial participating interest of the parties will be Cameco - 51% and the Company - 49%. Cameco has the right, exercisable within 90 days after the joint venture has either operated for four years or incurred \$6.0 million of expenditures on the property, to increase its interest in the joint venture to 65% and reduce the Company's interest to 35% by committing to incur an additional \$6.0 million on exploration and development of the property during a two-year period following the date on which Cameco makes such an election.

**(g) ONTARIO GOLD PROPERTIES**

The Company holds a 100% interest in five mineral properties located in Ontario.

On April 21, 2005 the Company entered into an agreement with Laurion Mineral Exploration Inc. (formerly "Laurion Gold Inc.") ("Laurion") whereby Laurion would have the right to earn a 50% interest in the Company's East Clavos gold project in consideration for Laurion making certain payments, deliveries and expenditures.

Laurion will be able to earn the interest by incurring work expenditures of \$1.0 million on the property over a four-year period, issuing 480,000 Laurion common shares (360,000 received and valued at a nominal amount) and by making cash payments totaling \$100,000 (\$75,000 received) to the Company over a three year period.

**(h) B.C. PROPERTIES**

The Company holds a 100% interest in four Crown grants in the Camsell and Similkameen area of British Columbia and a 5% net smelter royalty interest on certain parts of the Similkameen Copper Mine.

**(i) ACE 1 CLAIM, MANITOBA**

The Company holds a 100% interest in the Ace 1 Claim Block at Asean Lake, in Manitoba.

**UNOR INC.**  
(A Development Stage Company)  
Notes to Unaudited Consolidated Financial Statements  
June 30, 2007

**6. CAPITAL STOCK**

**Authorized**

Unlimited number of common shares  
Unlimited number of preference shares

**Common Shares Issued**

123,517,307 common shares

	<u>June 30, 2007</u>	
	<u>Number</u>	<u>Amount</u>
	<u>of Shares</u>	<u>\$</u>
Balance, March 31, 2007 and June 30, 2007	<b>123,517,307</b>	<b>31,328,081</b>

**Warrants Issued**

2,594,008 warrants

	<u>June 30, 2007</u>	
	<u>Number</u>	<u>Amount</u>
	<u>of Warrants</u>	<u>\$</u>
Balance, March 31, 2007	<b>4,094,008</b>	<b>638,017</b>
Exercised	-	-
Expired	<b>(1,500,000)</b>	<b>(285,000)</b>
Balance, June 30, 2007	<b>2,594,008</b>	<b>353,017</b>

**31,681,098**

**Warrants Outstanding**

<u>Number of Warrants</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Book value</u>
<u>#</u>	<u>\$</u>		<u>\$</u>
2,164,007	0.45	24-Dec-07	288,000
430,001	0.45	24-Dec-07	65,017
<u>2,594,008</u>			<u>353,017</u>

Each warrant entitles the holder to purchase one common share of the Company. Share purchase warrant transactions for the three months ended June 30, 2007 were as follows:

	<u>Number</u>	<u>Weighted average exercise price per shares</u>
		<u>\$</u>
Balance, March 31, 2007	4,094,008	0.56
Expired	(1,500,000)	0.75
Balance, June 30, 2007	<u>2,594,008</u>	<u>0.45</u>

**UNOR INC.**  
**(A Development Stage Company)**  
**Notes to Unaudited Consolidated Financial Statements**  
**June 30, 2007**

**6. CAPITAL STOCK (Continued)**

**Options**

The Company's Stock Option Plan (the "Plan") provides for the granting of stock options to directors, officers, employees and consultants of the Company. Share options are granted for a term not to exceed five years at exercise prices not less than the closing sale price of the shares on the Exchange on the trading day immediately preceding the date options are granted, and are not transferrable. The plan is administered by the Board of Directors, which determines individual eligibility under the Plan, number of shares reserved for optioning to each individual (not to exceed 5% of issued and outstanding shares to any one individual) and the vesting period. The maximum number of shares of the Company that are issuable pursuant to the Plan is limited to 10% of the issued shares.

Options transactions for the three months ended June 30, 2007 were as follows:

	Number	Weighted average exercise price per share
	#	\$
Options outstanding, March 31, 2007	6,720,447	0.48
Cancelled	(50,000)	0.35
Options outstanding, June 30, 2007	<u>6,670,447</u>	<u>0.49</u>

Options to purchase common share outstanding at June 30, 2007 carry exercise prices and remaining terms to maturity as follows:

Number of Options	Options Exercisable	Exercise Price	Expiry Date
#	#	\$	
877,947	877,947	0.385	10-Mar-09
1,092,500	1,092,500	0.40	31-Mar-09
425,000	425,000	0.35	14-Apr-09
1,300,000	1,300,000	0.60	20-Sep-09
100,000	100,000	0.67	04-Oct-09
100,000	100,000	0.63	04-Oct-09
50,000	50,000	0.55	20-Oct-09
150,000	150,000	0.55	26-Oct-09
350,000	350,000	0.55	21-Apr-10
150,000	100,000	0.60	13-Jul-10
1,100,000	1,100,000	0.38	05-Jan-11
975,000	661,000	0.57	06-Mar-12
<u>6,670,447</u>	<u>6,306,447</u>		

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**7. CONTRIBUTED SURPLUS**

Contributed surplus transactions for the three months ended June 30, 2007 were as follows:

	\$
Balance, March 31, 2007	2,813,019
Employee stock-based compensation	23,054
Non employee stock-based compensation	3,657
Expiry of warrants	285,000
Balance, June 30, 2007	<u><u>3,124,730</u></u>

**8. FINANCIAL INSTRUMENTS**

***Fair value***

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for cash and equivalents, refundable deposits, GST receivable and accounts payable and accruals on the balance sheet approximate fair value because of the limited term of the instruments.

***Commodity Price Risk***

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

**9. COMMITMENTS**

(a) The Company is party to certain management contracts. Minimum management contract commitments remaining under the agreements are approximately \$163,000, all payable within one year.

(b) Pursuant to the issuance of 6,045,963 flow-through shares in November 2006 the Company renounced \$3,143,900 of qualified exploration expenditures with an effective date of December 31, 2006. As of June 30, 2007, the Company has met its expenditure requirements.

(c) The Company is committed to minimum rentals under a long-term lease for premises, which expires May 31, 2012. Minimum rental commitments remaining under this lease approximate \$167,000 including \$34,000 due within 12 months. Minimum rental commitments for successive years approximate:

<u>Year ended March 31</u>	<u>Amount</u>
	\$
2008	25,000
2009	34,000
2010	34,000
2011	34,000
2012	34,000
2013	6,000
	<u><u>167,000</u></u>

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**10. RELATED PARTY TRANSACTIONS**

Cameco currently holds a 19.5% interest in the Company. Under the terms of a strategic alliance agreement dated June 19, 2006, Cameco has the right to maintain this interest through future participation in cash and non-cash share offerings of the Company as well as share issuances on the conversion of convertible instruments. Cameco can exercise this right as long as at the time of the offering it holds a minimum of 16% of the issued and outstanding shares of the Company. Cameco is also entitled to nominate one individual for election to the board of directors of the Company as long as it holds not less than 10% of the issued and outstanding shares of the Company.

**11. INTEREST IN JOINT VENTURE**

The Company's proportionate share of the assets, liabilities and cash flows of its joint ventures included in these consolidated financial statements are as follows:

	June 30, 2007
	\$
Current assets	-
Interest in mineral properties	255,396
Current liabilities	-
Revenues	-
Expenses	-
Cash flows from operating activities	-
Cash flows from financing activities	-
Cash flows from investing activities	(1,698)

