

**UNOR INC.**

(A Development Stage Company)

**Interim Consolidated Financial Statements**

**September 30, 2009**

**Unaudited**

# UNOR INC.

(A Development Stage Company)

## Interim Consolidated Balance Sheets

	September 30, 2009 Unaudited \$	March 31, 2009 Audited \$
<b>Assets</b>		
<b>Current</b>		
Cash and equivalents	29,149	157,387
Refundable deposits	-	25,167
Amounts receivable	4,000	55,750
GST receivable	3,441	3,535
Prepaid expenses	8,000	8,000
	<u>44,590</u>	<u>249,839</u>
<b>Equipment (Note 7)</b>	<u>21,981</u>	<u>43,981</u>
	<u><u>66,571</u></u>	<u><u>293,820</u></u>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accruals	<u>69,475</u>	<u>68,855</u>
<b>Shareholders Equity</b>		
Capital Stock (Note 9)	34,611,662	34,611,662
Contributed Surplus (Note 10)	3,749,978	3,705,978
Deficit	<u>(38,364,544)</u>	<u>(38,092,675)</u>
Total Equity	<u>(2,904)</u>	<u>224,965</u>
	<u><u>66,571</u></u>	<u><u>293,820</u></u>

Going Concern (Note 3)

Commitments (Notes 11)

APPROVED ON BEHALF OF THE BOARD

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

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

# UNOR INC.

(A Development Stage Company)

Interim Consolidated Statements of Operations and Deficit

Unaudited

	3 months ending September 30,		6 months ending September 30,	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Revenue</b>				
Interest	-	22,001	-	54,954
Option payments	-	-	-	25,000
	-	22,001	-	79,954
<b>Expenditures</b>				
<b>Exploration Expenses</b>				
Airborne Geophysics	-	319,610	-	443,130
Assaying	-	10,788	-	14,001
Baffin Island JV (recoveries)	-	-	-	(194,952)
Camp and support	15,786	463,338	15,786	1,396,619
Drilling	-	1,409,727	-	1,460,258
Geology	-	35,027	-	61,050
Ground geophysics	-	65,061	-	70,999
Program planning and reports	43,526	126,672	81,939	224,429
Recording fees and taxes	1,136	48,233	1,241	48,965
	60,448	2,478,456	98,966	3,524,499
<b>General and Administration Expenses</b>				
Depreciation	11,000	4,000	22,000	8,000
Directors fees	-	14,375	-	28,750
Insurance	-	-	22,912	34,942
Interest and bank charges	99	257	232	657
Office and general	10,034	37,406	17,632	74,792
Professional fees	10,156	31,256	13,495	62,706
Salaries and benefits	12,480	41,803	25,245	81,539
Shareholders information	20,262	51,674	25,059	53,893
Stock option compensation	-	17,059	44,000	34,118
Tax interest on flow-through funds	155	8,040	2,155	46,386
Travel and promotion	173	6,820	173	16,428
	64,359	212,690	172,903	442,211
<b>Total Expenses</b>	124,807	2,691,146	271,869	3,966,710
<b>Operating Loss</b>	(124,807)	(2,669,145)	(271,869)	(3,886,756)
Deficit, beginning of period	(38,239,737)	(34,867,450)	(38,092,675)	(33,649,839)
<b>Deficit, end of period</b>	(38,364,544)	(37,536,595)	(38,364,544)	(37,536,595)
<b>Net Loss per share - basic and diluted</b>	(0.00)	(0.02)	(0.00)	(0.03)
<b>Weighted average number of common shares outstanding</b>	145,315,756	139,782,405	145,315,756	139,782,405

See accompanying notes to the interim unaudited consolidated financial statements

# UNOR INC.

(A Development Stage Company)

## Interim Consolidated Statements of Cash Flows

Unaudited

	3 months ending September 30,		6 months ending September 30,	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Cash Flows From</b>				
<b>Operating activities</b>				
Net (Loss) for the period	<b>(124,807)</b>	(2,669,145)	<b>(271,869)</b>	(3,886,756)
Less: Items not involving cash				
Depreciation	<b>11,000</b>	4,000	<b>22,000</b>	8,000
Stock option compensation	-	17,059	<b>44,000</b>	34,118
Change in non cash working capital				
(Increase) decrease in amounts receivable	<b>(4,000)</b>	-	<b>51,750</b>	-
(Increase) in GST receivable	<b>1,256</b>	78,739	<b>94</b>	(85,845)
Refundable deposit	<b>25,167</b>		<b>25,167</b>	
Decrease in prepaid expenses	-	150,000	-	346,000
Increase (decrease) in accounts payable	<b>24,049</b>	155,897	<b>620</b>	393,404
<b>(Decrease) in cash and cash equivalents</b>	<b>(67,335)</b>	(2,263,450)	<b>(128,238)</b>	(3,191,079)
<b>Cash and cash equivalents at beginning of period</b>	<b>96,484</b>	3,089,454	<b>157,387</b>	4,017,083
<b>Cash and cash equivalents at end of period</b>	<b>29,149</b>	826,004	<b>29,149</b>	826,004
<b>Cash and cash equivalents are composed of the following:</b>				
Cash	<b>29,149</b>	98,928	<b>29,149</b>	98,928
Cash equivalents	-	727,076	-	727,076
	<b>29,149</b>	826,004	<b>29,149</b>	826,004

### SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Interest paid	-	-	-	-
Income taxes paid	-	-	-	-

See accompanying notes to the interim unaudited consolidated financial statements

**UNOR INC.**  
**(A Development Stage Company)**  
**Notes to Interim Unaudited Consolidated Financial Statements**  
**September 30, 2009**

**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 interim 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, 2009, except as noted below. 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 interim consolidated financial statements. Operating results for the period ended September 30, 2009 are not necessarily indicative of the results that may be expected for the full year ended March 31, 2010. For further information, see the Company's consolidated financial statements including the notes thereto for the year ended March 31, 2009.

**2. CHANGES IN ACCOUNTING POLICIES**

**Mineral Exploration Expenditures**

Effective March 31, 2009, the Company changed its accounting policy of capitalizing mineral property exploration and development costs in order to provide more reliable and relevant financial information during the current period of market uncertainty and for all future periods. Under the new policy, which is in accordance with CICA Handbook Section 3061, exploration and development costs are expensed until it has been established that a mineral deposit is commercially viable and a mine development decision has been made by the Company. Thereafter, the Company capitalizes expenditures subsequently incurred to develop the mine, prior to the start of mining operations. The interim consolidated financial statements for the six months ended September 30, 2008 have been restated to reflect adjustments made as a result of this change in accounting policy.

The following is a reconciliation of the Company's consolidated statements of operations, comprehensive loss and deficit and cash flows for the six months ended September 30, 2008 reflecting the impact of the restatement:

	For the six months ended September 30, 2008		
	As Previously Reported	Adjustment	As Restated
<b>Statement of Operations</b>			
Revenue	\$ 54,954	\$ 25,000	\$ 79,954
Exploration expenses	-	3,524,400	3,524,400
General and administration	442,212	(1)	442,211
Future income tax (recovery)	(71,500)	71,500	-
Net loss for the period	(170,689)	(3,716,067)	(3,886,756)
Loss per share – basic and diluted	-	(0.03)	(0.03)
<b>Statement of Cash Flows</b>			
Cash flows from operating activities	65,006	(3,256,085)	(3,191,079)
Cash flows from financing activities	-	-	-
Cash flows from investing activities	(2,328,456)	2,328,456	-

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

Unor Inc. (the "Company") is a development stage company as defined by the Canadian Institute of Chartered Accountants (the "CICA") Accounting Guideline 11 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 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.

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 government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory requirements.

These interim 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 interim consolidated financial statements. Such amounts could be material.

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. It is not possible to predict whether financing efforts will be successful.

**4. FUTURE ACCOUNTING PRONOUNCEMENTS**

**International Financial Reporting Standards (IFRS)**

In January 2006, the CICA Accounting Standards Board adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with IFRS by 2011. The Company's changeover plan to adopt IFRS encompasses review of and possible changes to its accounting policies, information technology and data systems, internal control over financial reporting, disclosure controls and procedures, financial expertise and training and certain business matters, such as compensation arrangements. The Company is in the early stages of assessing the impact of the various elements of the changeover plan.

# UNOR INC.

(A Development Stage Company)

Notes to Interim Unaudited Consolidated Financial Statements

September 30, 2009

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## 4. FUTURE ACCOUNTING PRONOUNCEMENTS(Continued)

### Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued the following new accounting standards which will become effective for fiscal years beginning in January 1, 2011. Section 1582, Business Combinations, replaces section 1581. Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests replace the previous consolidation guidance in section 1600.

Section 1582 amends standards for the measurement, presentation and disclosure of a business combination. A number of changes are specified, including: an expanded definition of a business, a requirement to measure all business combinations at fair value, a requirement to measure non-controlling interests at fair value, and a requirement to recognize acquisition-related costs as expenses.

These standards will require a change in the measurement of non-controlling interests and will require the non-controlling interest to be presented as part of shareholders equity on the balance sheet. In addition, net earnings will include 100% of the subsidiary's results.

These new standards are harmonized with international standards. Early adoption is permitted. The Company is currently assessing the impact of these new accounting standards on its Financial Statements.

International Financial Reporting Standards ("IFRS")

In January 2006, the CICA Accounting Standards Board ("ACSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with IFRS by the end of 2011. The Company continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS.

## 5. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Several properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended September 30, 2009. The Company is not subject to externally imposed capital requirements.

**6. FINANCIAL RISK FACTORS**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

**Credit risk**

The Company's credit risk is primarily attributable to cash equivalents and amounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of bank deposits which have been invested with or purchased from reputable financial institutions. Amounts receivable consist primarily of refundable mineral property lease payments due from the Federal Government of Canada, from which management believes the risk of loss to be remote.

**Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2009, the Company had a cash and equivalents balance of \$29,149 (March 31, 2008 - \$157,387) to settle current liabilities of \$69,475 (March 31, 2008 - \$68,855). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

**Market risk**

**(a) Interest rate risk**

The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

**(b) Foreign currency risk**

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. From time to time, the Company funds certain operations, exploration and administrative expenses in US dollars on a cash call basis using US dollar currency converted from its Canadian dollar bank accounts held in Canada. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk. The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

**(c) Price risk**

The Company is exposed to price risk with respect to commodity prices. Changes in commodity prices will impact the economics of development of the Company's mineral properties. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Price risk is remote since the Company is not a revenue producing entity.

**Fair value**

The Company has designated its cash and equivalents as held-for-trading, which are measured at fair value. Amounts receivable, refundable deposits and GST receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accruals are classified as other financial liabilities, which are measured at amortized cost.

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.



# UNOR INC.

(A Development Stage Company)

Notes to Interim Unaudited Consolidated Financial Statements

September 30, 2009

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## 6 FINANCIAL RISK FACTORS (continued)

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

## 7. EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net September 30, 2009</u>	<u>Net March 31, 2009</u>
Furniture and fixtures	\$43,224	\$37,657	\$5,567	\$11,167
Computer equipment	<u>77,598</u>	<u>61,184</u>	<u>16,414</u>	<u>32,814</u>
	<u>\$120,822</u>	<u>\$98,841</u>	<u>\$21,981</u>	<u>\$43,981</u>

## 8. INTEREST IN MINERAL PROPERTIES

### (a) COPPERMINE RIVER, NUNAVUT

The Company held a 100% interest in 103 mineral leases and 16 mineral claims in the Coppermine River area of Nunavut. 63 of these leases were withdrawn on April 9, 2009. The 40 remaining leases are subject to a 1% net smelter royalty and/or a 1% gross diamond royalty to a maximum of \$10,000,000. Cumulative exploration and development expenditures made by the Company on this project as at September 30, 2009 totaled \$22,580,525.

### (b) UNAD JV, NUNAVUT

Pursuant to agreements dated September 30, 2006 the Company holds a 50% interest in certain mineral claims in the Coppermine River area of Nunavut. Cumulative exploration and development expenditures made by the Company on this project as at September 30, 2009 totaled \$772,313.

### (c) ONTARIO GOLD PROPERTIES

The Company holds a 100% interest in five gold leases near Timmins, Ontario. Cumulative exploration and development expenditures made by the Company on this project as at September 30, 2009 totaled \$124,395.

### (d) 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. Cumulative exploration and development expenditures made by the Company on this project as at September 30, 2009 totaled \$32,756.

**UNOR INC.**  
(A Development Stage Company)  
Notes to Interim Unaudited Consolidated Financial Statements  
September 30, 2009

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**9. CAPITAL STOCK**

**Authorized**

Unlimited number of common shares  
Unlimited number of preference shares

**Common Shares**

Issued	<b>September 30, 2009</b>	
	<b>Number of Shares</b>	<b>Amount</b>
Balance at March 31, 2009 and September 30, 2009	<b>145,315,756</b>	<b>\$ 33,915,683</b>

**Warrants**

Issued	<b>September 30, 2009</b>	
	<b>Number of Warrants</b>	<b>Amount</b>
Balance at March 31, 2009 and September 30, 2009	<b>12,754,471</b>	<b>695,979</b>

**\$ 34,611,662**

**Warrants outstanding**

Each warrant entitles the holder to purchase one common share of the Company.

Number of Warrants	Exercise Price	Expiry Date	Book value
2,661,934	\$ 0.45	05-Oct-09	\$ 230,845
428,571	0.35	05-Oct-09	55,712
4,300,000	0.35	28-Dec-09	223,167
860,000	0.25	28-Dec-09	60,200
129,000	0.35	28-Dec-09	20,640
1,041,615	0.35	01-Mar-10	52,081
833,350	0.10	10-Dec-09	4,167
2,500,001	0.10	21-Dec-09	12,500
<u>12,754,471</u>	<u>\$ 0.38</u>		<u>\$ 659,312</u>

# UNOR INC.

(A Development Stage Company)

Notes to Interim Unaudited Consolidated Financial Statements

September 30, 2009

## 9. 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 to purchase common shares of the Company have been granted in accordance with the Plan as follows:

### Options Transactions

	Number	Weighted average exercise price per share
	#	\$
Options outstanding, March 31, 2009	5,836,667	0.45
Granted	2,200,000	0.10
Expired	(1,425,000)	0.35
Forfeited	(1,066,667)	0.46
Options outstanding, September 30, 2009	<u>5,545,000</u>	<u>0.34</u>

Options to purchase common shares outstanding at September 30, 2009 carry exercise prices and remaining terms to maturity as follows:

Number of Options	Options Exercisable	Exercise Price	Expiry Date
#	#	\$	
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
350,000	350,000	0.55	21-Apr-10
150,000	150,000	0.60	13-Jul-10
875,000	875,000	0.38	05-Jan-11
750,000	750,000	0.57	06-Mar-12
970,000	844,000	0.22	19-Feb-13
<u>2,200,000</u>	<u>2,200,000</u>	<u>0.10</u>	<u>16-Jun-14</u>
<u>5,545,000</u>	<u>5,419,000</u>	<u>0.29</u>	

**UNOR INC.**  
**(A Development Stage Company)**  
**Notes to Interim Unaudited Consolidated Financial Statements**  
**September 30, 2009**

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**10. CONTRIBUTED SURPLUS**

Contributed surplus transactions for the six months ended September 30, 2009 were as follows:

Balance March 31, 2009	<b>\$3,705,978</b>
Employee stock-based compensation	<b>42,000</b>
Non employee stock-based compensation	<b>2,000</b>
Balance September 30, 2009	<b><u>3,749,978</u></b>

**11. COMMITMENTS**

(a) Pursuant to the issuance of 5,533,351 flow-through shares in November and December 2008 the Company renounced \$310,001 of qualified exploration expenditures with an effective date of December 31, 2008. As of September 30, 2009, the Company had expended these flow through funds on qualified Exploration expenditures. The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

(b) 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 \$91,000 including \$34,000 due within one year. Minimum rental commitments for successive years approximate:

<u>Year</u>	<u>Amount</u>
	\$
2010	17,000
2011	34,000
2012	34,000
2013	6,000
	<b><u>91,000</u></b>

**12. RELATED PARTY TRANSACTIONS**

Cameco currently holds a 18.7% 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.