HORNBY BAY MINERAL EXPLORATION LTD.
(FORMERLY UNOR INC.)
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010

This Management Discussion and Analysis ("MD&A") has been prepared as of October 28, 2010 and should be read in conjunction with the interim financial statements of the Company for the six months ended September 30, 2010, 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, 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.

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

On February 4, 2010 the Company announced the resignation of the current directors of the Company and the appointment of a new slate of directors with Maurice Colson as President and Chief Executive Officer.

Brief biographies of the new directors are as follows:

Maurice John Colson; **Chairman of the Board** - Mr. Colson holds a masters degree in business administration (McGill University) and did post graduate studies at Oxford University, He has been involved in the investment business for more than thirty five years. He was managing director in the U.K. for a major Canadian investment dealer and has been instrumental in providing strategic counsel and assistance with financing to emerging private and public companies. His network in the resource industry has expanded significantly from Canada, and he has been actively involved in financing Canadian companies operating in China, Africa, and South America. He sits on the board of several TSE and TSX listed companies and is the former Chairman of the Board of Coniagas Resources and was President and CEO of Lithium One Resources, and continues as a director of Lithium One Resources.

Chris Irwin - Mr. Irwin has been the President of Irwin Professional Corporation since August, 2006. Prior thereto, Mr. Irwin was an associate of Wildeboer Dellelce LLP, Barristers & Solicitors, since January 2004. From January 2001 to December 2004, he was an associate of Power Budd LLP, Barristers & Solicitors. Mr. Irwin is a director and/or officer of several public companies.

Galen McNamara – Mr. McNamara holds a B Sc. (hons) in geology from Laurentian University and has been involved in mineral exploration since the age of 18. He is currently a private explorationist and exploration consultant. Mr. McNamara has experience in VMS, IDCG, uranium, gold and porphyry-copper mineralization systems in both the brown-fields and grassroots settings. Apart from Hornby Bay Mineral Exploration, he has been involved with a number of public and private exploration companies.

John Doran - Before joining Irwin Professional Corporation in 2008, Mr. Doran was engaged by various companies in the technology and telecommunications sector, including JumpTV, where his mandate was the revitalization and reconstitution of the organization's legal department, and Globalive Communications Corp., where he spent 9 years as director of the company's legal and regulatory department. Mr. Doran received his Bachelor and Master of Arts from the University of Toronto, as well as his Juris Doctor in 1999 from the university's Faculty of Law.

On April 6, 2010 the Company consolidated its shares on a 1 for 3 basis. All references to common shares, per share amounts, warrants, and options for all periods presented have been retroactively restated to reflect this consolidation unless otherwise stated.

On September 9, 2010, the Company issued 8,346,820 flow-through common shares at $0.16 per share pursuant to a rights offering to raise gross proceeds of $1,335,491. In connection with this rights offering the Company paid solicitation fees of $82,728 to registered dealers whose name appeared on the rights certificate representing rights surrendered for exercise. In addition the company issued 710,500 broker warrants pursuant to standby commitments. Each Broker warrant entitles the holder to acquire one common share of the Company at a price of $0.16 for two years. The fair value of the warrants was determined, using the Black-Scholes option pricing model assuming a risk-free interest rate of 2% on the date of issue, an expected life of 2 years, a volatility of 150% and dividends of $Nil to be $56,840.

3. 2010 exploration season

Hornby Bay Mineral Exploration Ltd. (HBME) commenced in July its 2010 uranium exploration program on the Coppermine Property in the Hornby Bay Basin, Nunavut, with the opening of the Mouse Lake camp and the mobilization of a depth-capable diamond drill and drill crew. The Coppermine Property is 100% owned by HBME and consists of 16 claims and 39 leases covering 117,933 acres (47,725 hectares). The Coppermine Property is located in the northern region of the Early Proterozoic Wopmay Orogen, where the units of the orogen are overlain by Middle Proterozoic sedimentary rocks of the deeper, eastern lobe of the Hornby Bay Basin.

The 2010/11 exploration program is focused on the drilling of several existing deep unconformity targets defined by earlier exploration on the Coppermine Property. The first hole (HB-10-11#one), which targeted the CM 53 conductor, was stopped short at 344 meters due to difficult drilling conditions. There were 66 drill rods and the core barrel assembly lost in the hole due to freezing. The Company has postponed further drilling until the seismic portion of the exploration program is complete and high efficiency water line heaters have been delivered to the site to deal with permafrost issues. The diamond drill remains on site and will be ready to test the key unconformity targets when the seismic data processing and interpretation is complete. The Seismic Research Program was designed by the University of Saskatchewan Department of Geological Sciences and will be conducted with their advice and guidance.

All required camp improvements have been installed and inspected by the Nunavut Water Board and the Land Administration of the Indian and Northern Affairs Canada.
Currently, the Company is evaluating proposals from several seismic data acquisition contractors for the seismic portion of the exploration program on the Coppermine Property, which is expected to be completed in the spring of 2011.

4. Exploration Expenses

During the six months ended September 30, 2010 the Company spent $728,529 on exploration compared to $98,966 during the six months ended September 30, 2009 when the Company was maintaining its properties on a care and maintenance basis.. During the years ended March 31, 2010 and 2009 the Company spent $167,128 and $3,991,977 respectively on its uranium field program.

	Six months ended September 30,	
	2010	2009
Assaying	**2,039**	-
Camp and support	**393,048**	15,786
Drilling	**100,000**	-
Ground geophysics	**27,983**	-
Helicopter	**168,741**	
Lease rental overpayment	**(21,245)**	
Program planning and reports	**56,200**	81,939
Recording fees and taxes	**1,763**	1,241
	728,529	98,966

5. 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.

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.

At September 30, 2010, the Company had working capital of $3,437 compared to a working capital deficiency of $244,066 at March 31, 2010. Cash balances were $725,824 at September 30, 2010 compared with $5,470 at March 31, 2010.

The Company has a need for equity capital and 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.

Selected Annual Information

	2010	2009	2008
	$	$	$
Total revenues	18,747	83,837	168,105
Net loss	541,629	4,442,836	7,221,095
Basic net loss per share	0.01	0.03	0.06
Diluted net loss per share	0.01	0.03	0.06
Total assets	14,577	283,820	4,501,212

6. Results of Operations

During the six months ended September 30, 2010, the Company recorded an operating loss $98,939 compared to $147,062 for the six months ended September 30, 2009. This decrease is due to reduced activity. See item 4 for details of exploration expenditures and the following schedules provides the details of general and administration expenses.

General and Administration Expenses

	for the 6 months ended September 30.	
	2010	2009
Depreciation	**-**	22,000
Insurance	**19,500**	22,912
Interest and bank charges	**864**	232
Office and general	**19,949**	17,632
Professional fees	**100,719**	13,495
Salaries and benefits	**4,452**	25,245
Shareholders information	**26,803**	25,059
Stock option compensation	**330,000**	44,000
Tax interest on flow-through funds	**-**	2,155
Travel and promotion	**5,900**	173
	508,187	172,903

Summary of Quarterly Results

	Fiscal 2011			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
	$	$	$	$
Total Revenues			13	-
Net loss (income)			1,167,764	98,939
Net loss (income) per share			0.02	0.00
Shares issued			56,785,403	48,438,585

	Fiscal 2010			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
	$	$	$	$
Total Revenues	-	18,747	-	-
Net loss (income)	155,114	86,048	124,807	147,062
Net loss (income) per share	0.00	0.00	0.00	0.00
Shares issued	145,315,756	145,315,756	145,315,756	145,315,756

	Fiscal 2009			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
	$	$	$	$
Total Revenues	1,253	2,629	22,001	32,953
Net loss (income)	148,236	479,344	2,649,145	1,166,111
Net loss (income) per share	0.00	0.00	0.02	0.01
Shares issued	141,582,045	141,388,929	139,782,405	139,782,405

7. Outstanding Share Data

As of October 28, 2010, the Company has issued one class of common shares and a total of 56,785,405 shares are outstanding. The Company has 710,500 share purchase warrants outstanding. Each warrant entitles the holder to purchase one common share at a price of $0.16 per share until September 9, 2012. Stock options outstanding as of October 28, 2010 total 3,188,333 and are exercisable for common shares at prices ranging from $0.20 per share to $1.71 per share

8. Commitments

Pursuant to the issuance of 8,346,820 flow-through shares on September 9, 2010 the Company intends to renounce $1,335,491 of qualified exploration expenditures with an effective date of December 31, 2010. The Company is required to expend these flow-through funds by December 31, 2011.

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 having met its expenditure commitments.

9. Future Accounting Pronouncements

International Financial Reporting Standards (“IFRS”)

In January 2006, the CICA’s Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with International Financial Reporting Standards ("IFRS") for Canadian enterprises with public accountability. On February 13, 2008, the AcSB confirmed that the use of IFRS would be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will be required to have prepared, in time for its first quarter of fiscal 2011 filing, comparative financial statements in accordance with IFRS for the three months ended June 30, 2010. The Company has begun assessing the impact of the adoption of IFRS and has purchased a computer program to assist management in completing the scoping and planning phase of its changeover plan and has commenced the detailed assessment phase.

10. 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 cash 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.

11. Litigation

The Company has received a statement of claim from Bellmin Inc. ("Bellmin"), a corporation controlled by Cheryl Bell, the wife of George Bell, the former President and Chief Executive Officer of the Company, claiming:

(a) payment in the amount of $30,000 for default on a promissory note;
(b) payment in the amount of $173,092.50 for damages of breach of contract; and
(c) pre and post judgment interest and cost related to the action.

The Company has filed a statement of defense with respect to the action and a counter-claim alleging breach of contract by Bellmin. The Company has included a contingency of $30,000 in its financial statements for the fiscal year ended March 31, 2010. Management of the Company believes that the claim for damages is without merit and the Company will continue to defend itself against the action. A subsequent statement of claim has been filed by the company against George Bell and Cheryl Bell for breach of fiduciary duty and conversion in the amount of $72,168.20. A statement of defense has been filed in connection with this claim. The outcome of these proceedings cannot be reasonably determined at this time.

12. Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

13. Related Party Transactions

During the year ended March 31, 2010 a former officer of the Company loaned the Company $30,000 in the form of an unsecured promissory note bearing interest at 12% per annum. The promissory note is due on demand. As at September 30, 2010, no principal or interest had been repaid relating to this promissory note. See note 11.

Included in accounts payable is an amount owing to a shareholder of $891,587. This amount is due on demand, unsecured, non-interest bearing with no fixed terms of repayment.

14. Directors and Officers Compensation

During the six months ended September 30, 2010 the Company paid $15,000 to an officer of the Company as remuneration for services provided.

15. 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.