UNOR INC

(FORMERLY HORNBY BAY EXPLORATION LIMITED)

ANNUAL REPORT

MARCH 31, 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 June 12, 2007 issued:**
  123,517,307 common shares
  6,670,447 options @ wt avg 49 cents
  4,094,008 warrants @ wt avg 56 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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TO OUR SHAREHOLDERS

Your company continues its uranium exploration focus in Nunavut, Canada which was created in April 1999 as a result of the Nunavut Land Claim Agreement. Nunavut is the only territory and/or province in Canada that has settled its native land claim issues.

In June 2006, Cameco Corporation acquired 19.5% of UNOR and the President & CEO, Jerry Grandey said, "this agreement strengthens our efforts to identify new uranium reserves for the future. Cameco gains the right to participate in the exploration of new regions and adds the expertise of a solid technical team to our knowledge base."

UNOR's Strategic Alliance Agreement with Cameco provides ongoing uranium technical knowledge, support and exploration opportunities. Since September 2006, UNOR has increased its uranium exploration activity by 414% through the following Cameco agreements:

- October 2006, under the Cameco Lac Rouviere Option/Joint Venture UNOR added 206 claims covering 521,500 acres to the west of the company's Coppermine River claim group. In 1996, UNOR purchased the BP Minerals late 70's and early 80's uranium database for most of this area and management believes this data, which has now been digitized, will save the joint venture several million dollars of cost and approximately two years of exploration time. BP had identified 46 radioactive hot spots on the property and located five uranium drill targets. UNOR is the operator and on July 5th exploration work commenced on this property.

- February 2007, under the Cameco Baffin Island Joint Venture UNOR added 27 five-year prospecting permits covering 1,588,000 acres on the northwest corner of Baffin Island in eastern Nunavut. In the late 70's several companies explored this area and a number of radiometric anomalies and a small zone of uranium mineralization were discovered. UNOR is the operator and in the second half of August the company will commence uranium exploration on these permits.

As announced June 26th, UNOR started on July 5th the second phase of its April/September 2007 $7.0 million Nunavut uranium exploration program. In this phase, work will commence on the above mentioned Cameco joint ventures and continue on the company's 100% owned Coppermine and Asiak properties.

A year ago, the uranium price was US$46.50 per pound compared to the current spot price of US$130.00 per pound and long-term price of US$95.00 per pound. A typical new contract price for uranium would be based on 70% of the spot price and 30% of the long-term price thus the selling price today would be US$119.50 per pound uranium. Effective May 7th, the NYMEX commenced trading uranium future contracts which will provide the industry with a transparent pricing mechanism.

The world-wide need for additional clean energy sources, such as nuclear power, has created a long-term demand for new uranium deposits and your company is well positioned through its Cameco strategic alliance and its exploration activities to make the next major uranium discovery.

Yours truly,

George Bell
President & CEO

July 17, 2007

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UNOR INC.

(FORMERLY HORNBY BAY EXPLORATION LIMITED)

MANAGEMENT DISCUSSION AND ANALYSIS

March 31, 2007

UNOR INC.
(FORMERLY HORNBY BAY EXPLORATION LIMITED)
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This Management Discussion and Analysis ("MD&A") has been prepared as of June 12, 2007 and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended March 31, 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., formerly Hornby Bay Exploration Limited ("UNOR" or the "Company") was incorporated in Ontario with its primary focus on uranium exploration in Nunavut, Canada. All of the Company's mineral properties and exploration activities are located in Canada.

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.

During the year ended March 31 2007, the Company invested $6.4 million on its wholly-owned Coppermine River and Asiak River uranium mineral claims. Since 2003, the Company has invested a total of $20.9 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 uranium 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

Since May 2005, the Company has been debt free and as of March 31, 2007 had $8.3 million in cash, cash deposits and prepaid 2007 exploration expenses.

On July 6, 2005, the Company received $401,817 deposit refunds from the Government of Canada leaving refundable deposits receivable of $959,308. $31,087 of this was received on August 22, 2006 and $258,368 was received on November 6, 2006. The balance of $669,853 is expected to be repaid during 2007. $362,755 was received on April 27, 2007

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 Joint Technical Committee established pursuant to the Strategic Alliance Agreement dated June 19, 2006 between the parties.

5. Exploration Properties

The Company's April 1, 2006 to March 31, 2007 ("2006") exploration program focused on the discovery of economic uranium and diamond deposits on its large land holdings south of Kugluktuk in western Nunavut. The high grade unconformity model of Cameco's McArthur River uranium deposition remained the primary target. However, increasing emphasis is being placed on structurally controlled, basement hosted style mineralization similar to Cameco's Eagle Point deposit and the disseminated, sandstone hosted models similar to the Mountain Lake deposit where the target is in the upper sequences of the basin sediments. This broadening of target types has been a driving force behind the acquisition of additional lands under the UNAD Joint Venture with Adriana, the optioning of Cameco's large holdings in the western portion of the Hornby Bay basin and the joint venture with Cameco on 27 mineral permits on Baffin Island, in eastern Nunavut.

The field work on the Nunavut properties commenced on April 11, 2006 with the fuel haul to the Mouse Lake camp, located just north of the Coppermine River property, and concluded on September 22, 2006 with the demobilization of the drill to Yellowknife. The weather was much better than in previous seasons and it was possible to complete the program on schedule and avoid the deteriorating weather conditions of late September.

The required permits have been obtained to cover exploration on the Coppermine and Asiak properties for the next two seasons. The Department of Indian and Northern Affairs Canada ("INAC") has issued Land Use permit N2006COOO1 with an expiry of April 12, 2008. The Nunavut Water Board has issued Water Use and Waste Disposal permit 2BE-MOUO608 with an expiry of October 31, 2008. INAC has agreed that the Work Permit will be revised to cover the Cameco optioned claims and the western claims staked under the UNAD joint venture.

During the 2006 exploration field season, the Company hired 17 Inuit employees from Kugluktuk on a rotational basis and the company provided helicopter support for the Bear Monitoring program conducted by the Nunavut Wildlife department in the area south of Kugluktuk.

The main 2006 field season activities were the following:

- 18 uranium drill holes completed for 5,097 metres
- 494 drill core samples were taken
- 294 surface uranium rock samples were collected
- 328 diamond till samples were collected
- 353 line kilometres of ground geophysics on its Coppermine claims
- 240 line kilometres of ground geophysics on its Asiak claims
- 864 kilometres of airborne GEOTEM/Mag flown on new company and UNAD J/V claims at 200 metre spacing
- 25 new claims covering 29,346 hectares under UNAD J/V were staked

A budget of $7.0 million has been allocated for exploration of the Nunavut properties in the April 1, 2007 to March 31, 2008 ("2007") season.

2006 Coppermine River Area Exploration Field Season

Eighteen diamond drill holes totalling 5,097.4 metres were completed during the season to test uranium targets on the Coppermine property. Eight of the holes tested unconformity targets at the base of the Hornby Bay sandstone and ten holes tested the basement hosted mineralization in the Damien-Bog zone.

The unconformity drilling was targeted on specific geophysical anomalies within the more than 80 kilometres of conductive trends outlined on the property by the MEGATEM survey completed in 2005, and as follow up to favorable drill results from the past two drill campaigns. The most encouraging results were from the Contact East zone on claim DM 33 and the C2-32 alteration zone in the southern panhandle.

The Contact East conductor has been shown to be a graphite zone in excess of 35 metres in width with highly anomalous uranium values up to 107 parts per million ("ppm") in the sandstone strata above the unconformity. The drilling indicates that uranium values are increasing to the north where the conductor appears to link up with the poorly tested DM 34 zone.

Detailed mapping and ground magnetometer surveying has resulted in a better understanding of the C2-32 alteration zone. The complex silicifica - clay alteration within the predominantly aeolian HB 5 unit of the Hornby Bay sandstone is controlled by a series of cross faults intersecting the southeastern marginal fault of a major graben. The discovery of several radioactive occurrences within remnants of the basal section of the sandstone on the upthrown side of the fault is very encouraging. Two holes were completed this season to complement drill hole HB-05-24. The sandstone units are approximately 800 metres thick and are variably crossed by clay rich faults having anomalous uranium values and significant amounts of dravite. This boron rich mineral is common in the alteration halo of the Athabasca basin uranium deposits. Vectoring from the existing holes indicates that the best potential for significant mineralization exists to

the north of hole HB-06-35 and east of hole HB-05-24 near the marginal fault in an area largely covered by a blanket of glacial till.
The 10 short holes at the Bog zone were drilled from four set ups. Pitchblende was encountered in all of the holes with the best intersection in hole HB-06-33B that had 0.12% U3O8 across 9.1 metres in the interval from 61.6 metres to 70.7 metres. The uranium mineralization is associated with hematite and pyrite in quartz - carbonate veins and along fractures. The veins and fractures occur within granitoid rocks in the footwall of a strong thrust fault. From the very limited outcrop and drilling to date, the mineralization appears to occur over an area of about 800 metres by 200 metres.

The most interesting new discovery during the season on the Coppermine property was a series of large sandstone boulders with uranium-copper mineralization on the west side of a stream south of Mouse River. The boulders are local in origin and run up to 7000 counts per second (“cps”) or 1140 ppm uranium. The zone has been designated Hot Creek and lies along the western margin of a major graben that displaces the Dismal Lake - Hornby Bay contact. The structural setting and style of mineralization is analogous to that of the Mountain Lake deposit located 40 kilometres to the west. The zone will be a top priority for drilling in the 2007 field season.

The Patterson geophysical contracting crews completed Moving Loop and Fixed Loop TDEM surveys over fifteen grids established to cover anomalous responses from the MEGATEM airborne survey. In addition, they completed two detailed magnetometer surveys over the C2-32 and Damien-Bog zones to aid in the structural interpretation of these complex areas. Small ground magnetometer grids were surveyed over three potential kimberlite targets picked from the airborne magnetic data. Two of these targets resulted in bulls-eye anomalies beneath heavy till cover to the south of the Kendall River that will be drill tested in the 2007 field season.

A six-man crew from Ollerhead Associates completed the legal boundary surveys of an additional 62 claims that were approaching their tenth anniversary and are being converted to mining leases.

Dating of zircon grains from the lower units of the Hornby Bay sandstone have given an age of approximately 1770 ma which is equivalent to the Fair Point formation within the Athabasca basin. The Fair Point hosts the Cluff Lake and Maybelle River uranium deposits.

2006 UNAD Joint Venture Exploration Field Season

The UNAD Joint Venture with Adriana covers 25 mineral claims totalling 29,346 hectares along the northern and eastern boundaries of the Coppermine Block and 17 mineral claims totalling 17,767 hectares on three specific targets north of the Kendall River and Dismal Lake.

The claims immediately north of the Coppermine Block boundary were flown by GEOTEM. The airborne survey consisted of 864 line kilometres of electromagnetic and magnetic surveying at 200 metre line spacing. There are a series of horizontal conductors paralleling the Mouse and Kendall rivers. The data is being inverted by Fugro in order to identify bedrock conductors that may be associated with Mountain Lake style uranium mineralization. A fixed loop TDEM grid was surveyed over a north-south striking fault breccia zone within sandstone on the CD 25 claim. The breccia has several anomalous radiometric zones with scintillometer readings in the 1500 – 2000 cps range within a background of less than 100 cps. The TDEM survey indicates a conductor may be present in the southwest corner of the grid. Additional TDEM surveying will be required to confirm the strength of the conductor.

2006 Asiak River Area Exploration Field Season

There were 212 samples from the 2005 till program that contained diamond indicator minerals including G 10 (“Harzburgite”) garnets, chromium diopsides and kimberlitic ilmanites. Plotting all of the anomalous sites from the till results to date shows there are two significant indicator mineral trains on the property as well as several individual clusters that are dominated by G 10 garnets. The more northerly of the indicator mineral trains is approximately 6 kilometres long and appear to originate on the A 15 claim. The more southerly train is approximately 11 kilometres long and appears to originate on claim HB 9. The most significant mineral indicator cluster is located at the boundary between the FM 20 and FM 26 claims.

Approximately, 240 line kilometres of ground magnetic surveying was completed in 2006 over additional picks from the airborne data. There are 15 magnetic targets that require further detailed surveying prior to selecting drill targets.

A total of 305 till samples were taken during the 2006 season. The majority of the samples were taken down-ice from magnetic anomalies or as follow-up to anomalous tills from previous programs.

The Tara West and Asiak Island uranium showings were examined. Both are approximately one meter wide, east-west striking shear zones within Epworth shales in the Asiak River valley. Mineralization consists of pitchblende and copper oxides along the fracture planes. Samples from the Tara West occurrence assayed up to 0.43% U3O8 and 2.7 % copper and will be drill tested in 2007.

2007 Exploration Field Season:

The 2007 field work on the eastern Nunavut properties commenced in early April with the mobilization of the geophysical crew to Kugluktuk to start the detailed magnetometry 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 20th. Geophysical surveying and drilling will continue until the field work is temporarily suspended on June 21st for break up of the ice on Mouse Lake. The planned restart date is July 5th and will include a team of geologists as well as the drill and geophysical crews. A second helicopter will be utilized for crew mobilization during the period July 10th to August 15th.

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 Bear/ Wolverine survey being conducted by the Nunavut Wildlife Department will continue during 2007 and will 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.

A Cameco joint venture on Baffin Island will be initiated in 2007 to explore three large 5-year permits covering portions of the Borden and Hecla-Fury Proterozoic sandstone basins. The area is remote and historical exploration for uranium has been far less intensive than in the other major basins to the south. The 2007 program will focus on data compilation and a two week helicopter reconnaissance of the area during August to set the ground work for a more comprehensive program in 2008.

Other Properties

The Company has ensured that its Ontario gold, Manitoba gold-nickel and British Columbia copper properties remained in good standing.

Ontario Properties:

The Company finalized an option agreement with Laurion Minerals Exploration Inc. ("Laurion") in April 2005 whereby the Company has granted Laurion the option to acquire a 50% interest in UNOR's East Clavos gold project near Timmins, Ontario 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 East Clavos property over a four year period and by issuing 480,000 Laurion common shares and making cash payments totalling $100,000 to UNOR over a three year period.

The property hosts a 2-kilometresection of the Pipestone fault that is the gold bearing structure presently being exploited on the neighboring Clavos Mine property of St. Andrew Goldfields. The fault marks the contact between sedimentary and ultramafic volcanic rocks.

In 2006, Laurion drilled four holes totalling 1867 metres to test the structure in the area of historic gold intercepts near the western boundary of the property. All four holes intersected the pipestone fault and had significant results.

- The first two holes were drilled to test below a 1996 intersection of 5.83 gpt Au over 4.27m. Hole EC-06-01 intersected 0.28 gpt Au over 4.0m at 236.5 – 240.5 metres and hole EC-06-02 intersected 1.09 gpt Au over 5.8m at 279.4 – 285.2 metres.

- The second two holes were drilled to test the up dip and down dip extent of the 6.3 gpt Au/ 4.1 m intersection in hole EC-02-04. The up dip hole, EC-06-03 intersected 1.01 gpt Au/ 9.0m at 284.0 – 293.0 metres. The undercut hole, EC-06-04 intersected 1.26 gpt Au/ 16.5m at 235.5 – 252.0 metres.

Manitoba, British Columbia & Northwestern Ontario Properties:

No work was conducted on the Manitoba gold/nickel, the British Columbia copper and Northwestern Ontario gold properties during 2006.

Exploration and Development Costs Summary

Property	**Balance March 31, 2007**	Additions During Period	Balance March 31, 2006
	$	$	$
Asiak River, Nunavut			
Airborne Geophysics	**587,575**	-	587,575
Assaying	**413,670**	82,507	331,163
Camp Operations & Support	**1,299,245**	473,067	826,178
Drilling	**374,025**	-	374,025
Geology	**509,293**	251,404	257,889
Ground Geophysics	**825,905**	311,012	514,893
Program Planning & Reports	**267,369**	119,706	147,663
Recording fees	**70,732**	22,171	48,561
Sampling	**612,142**	-	612,142
Total Asiak	**4,959,956**	1,259,867	3,700,089
Coppermine River, Nunavut			
Airborne Geophysics	**1,775,352**	57,112	1,718,240
Assaying	**236,148**	48,627	187,521
Camp Operations & Support	**2,130,918**	590,961	1,539,957
Drilling	**5,514,818**	2,156,387	3,358,431
Geology	**860,300**	266,371	593,929
Ground Geophysics	**2,259,205**	1,035,619	1,223,586
Lease Rental Payments	**273,289**	-	-
Program Planning & Reports	**615,155**	178,522	436,633
Recording fees	**105,257**	31,756	73,501
Sampling	**426,321**	-	426,321
Surveying	**885,460**	373,852	511,608
Total Coppermine	**15,082,223**	5,012,496	10,069,727
East Block, Nunavut			
Airborne Geophysics	**103,595**	-	103,595
Assaying	**16,619**	-	16,619
Camp Operations & Support	**229,010**	74,287	154,723
Geology	**83,802**	27,196	56,606
Ground Geophysics	**46,892**	46,892	-
Program Planning & Reports	**61,672**	18,530	43,142
Recording fees	**16,582**	3,479	13,103
Sampling	**44,924**	-	44,924
Total East Block	**603,096**	170,384	432,712
Unad JV, Nunavut			
Airborne Geophysics	**47,112**	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	**253,698**	253,698	-
Lac Rouviere Property, Nunavut			
Program Planning & Reports	**8,606**	8,606	-
Total Lac Rouviere	**8,606**	8,606	-
Total Nunavut	**20,907,579**	6,705,051	14,202,528
Ontario Gold Properties	**166,925**	(19,003)	185,928
B.C. Properties	**32,410**	105	32,305
Ace Claim, Manitoba	**1,321**	-	1,321
	21,108,235	6,686,153	14,422,082

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 year ended March 31, 2007, the Company received gross proceeds of $12,306,666 on equity financings and $17,500 on the exercise of options.

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 Asiak 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 March 31, 2007, the Company had received $1,705,177 in deposit refunds from the government, and is awaiting approval of assessment reports it has filed with the government for the balance refundable of $669,853. Subsequent to year end the Company received an additional refund of $362,755.

At March 31, 2007, the Company's working capital totalled $7,147,395 compared to $3,006,603 at March 31, 2006. Cash balances were $6,491,389 compared with $2,576,585 at March 31, 2006. These increases are primarily due to the proceeds of the private placements less exploration costs in Nunavut. The Company's cash resources will fund the Company's planned activities until 2008.

Selected Annual Information

		Year ending March 31,	
	2007	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 year ended March 31, 2007, the Company recorded an operating loss before Stock Option Compensation and income tax recoveries of $547,146 compared to $942,811 for the year ended March 31, 2006. This decrease in operating loss is the result of an increase in interest income of $152,808, a decrease in professional fees of $116,450, a decrease in interest and bank charges of $40,062, a decrease in financing costs of $26,953 and a decrease in general and administrative expenses of approximately $70,000.

Summary of Quarterly Results

	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	-

	Fiscal 2005			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
	$	$	$	$
Total Revenues	19,489	13,403	4,130	-
Net loss (income)	584,680	(170,294)	540,828	341,488
Basic net loss (income) per share	0.01	-	0.01	-
Diluted net loss (income) per share	0.01	-	0.01	-

8. Outstanding Share Data

As of June 12, 2007, the Company has issued one class of common shares and a total of 123,517,307 shares are outstanding. The Company has 4,094,008 share purchase warrants outstanding. Each warrant entitles the holder to purchase one common share at prices ranging from $0.45 per share to $0.75 per share until December 24, 2007. Stock options outstanding as of June 12, 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.

(c) Pursuant to the issuance of 4,328,014 flow-through shares in December 2005 and the exercise of 3,526,320 flow through warrants during the period from January 1 to March 31, 2006, the Company renounced $1,770,862 of qualified exploration expenditures with effective dates of December 31, 2005 and December 31, 2006. As of March 31, 2007, the Company has met its expenditure requirements.

(d) 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 $176,000 including $34,000 due within one year. Minimum rental commitments for successive years approximate:

Year	Amount
	$
2008	34,000
2009	34,000
2010	34,000
2011	34,000
2012	34,000
2013	6,000
	176,000

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 equivalents, refundable deposits, GST receivable, accounts payable and accrued liabilities, and notes payable on the balance sheet approximate fair value because of the limited term of the instruments.

11. Litigation

The Company is not involved in any outstanding litigation.

12, Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

13. 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.

14. Directors and Officers Compensation

During the year ended March 31, 2007 the Company paid $62,500 to directors of the Company and $465,768 to officers of the Company as remuneration for services provided.

During the year ended March 31, 2007 the Company granted 300,000 stock options to directors of the Company and 475,000 stock options to officers of the Company.

15. 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.

16. 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 52-109F1

CERTIFICATION OF ANNUAL FILINGS

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

1. I have reviewed the annual 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 period ending March 31, 2007;

2. Based on my knowledge, the annual 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 annual filings; and

3. Based on my knowledge, the annual financial statements together with the other financial information included in the annual 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 annual 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 cased 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;

   (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

   (c) evaluated the effectiveness of the issuer's disclosure controls and procedures as of the end of the period covered by the annual filings and have caused the issuer to disclose in the annual MD&A our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by the annual filings an such evaluation; 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: June 12, 2007

(Signed) "*George P. Bell*"
[Name] George P. Bell
[Office] President and CEO

FORM 52-109F1

CERTIFICATION OF ANNUAL FILINGS

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

1. I have reviewed the annual 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 period ending March 31, 2007

2. Based on my knowledge, the annual 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 annual filings; and

3. Based on my knowledge, the annual financial statements together with the other financial information included in the annual 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 annual 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 cased 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;
   (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
   (c) evaluated the effectiveness of the issuer's disclosure controls and procedures as of the end of the period covered by the annual filings and have caused the issuer to disclose in the annual MD&A our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by the annual filings an such evaluation; 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: June 12, 2007

(Signed) "Ian A. Shaw"
[Name] Ian A. Shaw
[Office] Vice President and CFO

UNOR INC.
(FORMERLY HORNBY BAY EXPLORATION LIMITED)

(A Development Stage Company)

Consolidated Financial Statements

March 31, 2007 and 2006

MHC McGovern, Hurley, Cunningham, LLP
Chartered Accountants

AUDITORS' REPORT

To the Shareholders of
Unor Inc.
(Formerly Hornby Bay Exploration Limited)
(A Development Stage Company)

We have audited the consolidated balance sheets of Unor Inc. (formerly Hornby Bay Exploration Limited) (A Development Stage Company) as at March 31, 2007 and 2006 and the consolidated statements of operations and deficit and cash flows for each of the years in the two-year period ended March 31, 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2007 and 2006 and the results of its operations and its cash flows for each of the years in the two-year period ended March 31, 2007 in accordance with Canadian generally accepted accounting principles.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
May 2, 2007
except for Note 12
which is at June 1, 2007

2005 Sheppard Avenue East, Suite 300, Toronto, Ontario, Canada, M2J 5B4
Telephone: (416) 496-1234 – Fax: (416) 496-0125 – E-Mail: info@mhc-ca.com – Website: www.mhc-ca.com

UNOR INC.
(Formerly Hornby Bay Exploration Limited)
(A Development Stage Company)
Consolidated Balance Sheets
as at March 31,

	2007	2006
	$	$
Assets		
Current		
Cash and equivalents	**6,491,389**	2,576,585
Refundable deposits	**669,853**	959,308
GST receivable	**46,505**	49,922
Prepaid expenses	**13,000**	16,457
	7,220,747	3,602,272
Equipment (Note 3)	**32,168**	30,003
Prepaid Mineral Exploration Expenditures	**1,170,810**	506,412
Interest in Mineral Properties (Note 4)	**21,108,235**	14,422,082
	29,531,960	18,560,769
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accruals	**73,352**	595,669
Future Income Tax Liability (Note 7)	**3,134,700**	1,907,300
	3,208,052	2,502,969
Shareholders' Equity		
Capital stock (Note 5)	**31,966,098**	21,906,058
Contributed surplus (Note 6)	**2,813,019**	1,992,017
Deficit	**(8,455,209)**	(7,840,275)
Total Equity	**26,323,908**	16,057,800
	29,531,960	18,560,769

CONTINUANCE (Note 1)
COMMITMENTS (Notes 4 and 9)

APPROVED ON BEHALF OF THE BOARD:

______________________________, Director

______________________________, Director

See accompanying notes to the consolidated financial statements.

UNOR INC.
(Formerly Hornby Bay Exploration Limited)
(A Development Stage Company)
Consolidated Statements of Operations and Deficit
for the years ended March 31,

	2007	2006
	$	$
Revenue		
Interest	**218,641**	65,833
Expenditures		
Stock option compensation	**314,988**	606,637
Professional fees	**272,899**	389,349
Salaries and benefits	**132,181**	200,927
Office and general	**108,627**	94,058
Shareholders' information	**79,832**	70,606
Directors fees	**62,500**	59,583
Travel and promotion	**53,140**	76,618
Insurance	**40,299**	32,591
Ontario capital taxes	**3,299**	5,587
Interest and bank charges	**2,510**	43,572
Financing costs	**-**	26,953
Depreciation	**10,500**	8,800
	1,080,775	1,615,281
Loss before income taxes	**(862,134)**	(1,549,448)
Future income tax recovery (Note 7)	**247,200**	512,700
Net loss for the year	**(614,934)**	(1,036,748)
Deficit, beginning of year	**(7,840,275)**	(6,803,527)
Deficit, end of year	**(8,455,209)**	(7,840,275)
Loss per share	**(0.01)**	(0.01)
Weighted average number of common shares outstanding	**114,454,244**	84,885,369

See accompanying notes to the consolidated financial statements.

UNOR INC.
(Formerly Hornby Bay Exploration Limited)
(A Development Stage Company)
Consolidated Statements of Cash Flows
for the years ended March 31,

	2007	2006
	$	$
Cash flows from		
Operating activities		
(Loss) from operations	**(614,934)**	(1,036,748)
Less: Operating items not involving cash		
Depreciation	**10,500**	8,800
Stock option compensation	**314,988**	606,637
Future income tax recovery	**(247,200)**	(512,700)
Change in non cash working capital		
Decrease in refundable deposits	**289,455**	401,818
Decrease in GST receivable	**3,417**	86
Decrease (increase) in prepaid expenses	**3,457**	(9,884)
(Decrease) in accounts payable and accruals	**(143,097)**	(167,793)
	(383,414)	(709,784)
Financing activities		
Issuance of common shares and warrants	**12,040,654**	4,975,260
Payment of notes payable	**-**	(402,320)
	12,040,654	4,572,940
Investing activities		
Purchase of equipment	**(12,665)**	-
Prepaid mineral exploration expenditures	**(664,398)**	(84,757)
Interest in mineral properties	**(7,065,373)**	(7,706,831)
	(7,742,436)	(7,791,588)
Increase (decrease) in cash and equivalents	**3,914,804**	(3,928,432)
Cash and equivalents at beginning of year	**2,576,585**	6,505,017
Cash and equivalents at end of year	**6,491,389**	2,576,585
Cash and equivalents are composed of the following:		
Cash	**44,324**	973,547
Cash equivalents	**6,447,065**	1,603,038
	6,491,389	2,576,585
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	**1,126**	-
Income taxes paid	**-**	-
Common shares issued for debt	**-**	305,116
Warrants issued for share issue costs	**-**	83,500
Change in accrued mineral property expenditures	**(379,220)**	302,916

See accompanying notes to the consolidated financial statements.

1. NATURE OF OPERATIONS AND CONTINUANCE

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company are in accordance with Canadian generally accepted accounting principles and their basis of application is consistent with that of the previous year. Outlined below are those policies considered particularly significant:

Principles of Consolidation:

These consolidated financial statements include the accounts of the Company, its 100% owned subsidiary Hornby Hydrocarbons Inc. and its proportionate share of the accounts of joint ventures in which the Company has an interest.

Equipment and Amortization:

Equipment is stated at acquisition cost. Amortization is provided on the diminishing- balance basis at the following annual rates:

Furniture and fixtures	20%
Computer equipment	30%

Continued...

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest in Mineral Properties:

The cost of mineral properties and related exploration expenditures are deferred until the properties to which they relate are placed into production, sold or allowed to lapse. These costs will be amortized over the estimated useful life of the properties following commencement of production or written off if the properties are sold or allowed to lapse. The Company does not accrue future costs to keep the properties in good standing. Administrative expenditures are charged to operations as incurred.

The Company reviews capitalized costs on its property interests on a periodic basis and will recognize an impairment in value based upon current exploration results and upon management's assessment of the future probability of revenues from the property or from the sale of the property. Management's assessment of the property's estimated current fair market value may also be based upon a review of other property transactions that have occurred in the same geographic area as that of the property under review.

Asset Retirement Obligations:

The Company is required to record a liability for the estimated future costs associated with legal obligations relating to the reclamation and closure of its mineral exploration properties. This amount is initially recorded at its discounted present value with subsequent annual recognition of an accretion amount on the discounted liability. An equivalent amount is recorded as an increase to mineral properties and deferred exploration expenditures and is amortized over the useful life of the property. Management is not aware of any asset retirement obligations.

Use of Estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the related reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions affect the carrying value of assets, impact decisions as to when exploration and development costs should be capitalized or expensed, and affect the valuation of asset retirement obligations, stock based compensation, warrants and income tax accounts. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material.

Loss Per Share:

Basic loss per share is calculated using the weighted average number of shares outstanding. Diluted loss per share is calculated using the treasury stock method. In order to determine diluted loss per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share.

Leases:

Leases have been classified as either capital or operating. A lease which transfers substantially all of the benefits and risks incidental to the ownership of property is accounted for as if it were an acquisition of an asset and the incurrence of an obligation at the inception of the lease. All other leases are accounted for as operating leases wherein rental payments are charged to operations as incurred.

Continued...

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Flow-Through Financing:

The Company has financed a portion of its exploration activities through the issue of flow-through shares, which transfer the tax deductibility of exploration expenditures to the investor. Proceeds received on the issue of such shares have been credited to capital stock and the related exploration costs have been charged to interest in mineral properties.

Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. When these expenditures are renounced, temporary taxable differences created by the renunciation will reduce share capital.

Income Taxes:

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and the income tax bases of assets and liabilities, and are measured using the substantively enacted income tax rates and laws that are expected to be in effect when the temporary differences are expected to reverse. The effect on future income tax assets and liabilities of a change in income tax rates is recognized in the period that includes the date of enactment or substantive enactment of the change. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized

Stock-Based Compensation:

The Company records compensation cost based on the fair value method of accounting for stock based compensation. The fair value of stock options is determined using the Black-Scholes option pricing model. The fair value of the options is recognized over the vesting period as compensation expense and contributed surplus. When options are exercised, the proceeds received, together with any related amount in contributed surplus, will be credited to share capital.

Cash and Equivalents:

Cash and equivalents include cash and highly liquid investments with original maturities of three months or less. The Company invests cash in term deposits maintained in high credit quality institutions.

Comparative Figures:

Certain comparative amounts have been reclassified to conform to the current year's presentation.

3. EQUIPMENT

	Cost	Accumulated Amortization	Net March 31, 2007	Net March 31,2006
	$	$	$	$
Furniture and fixtures	43,225	26,257	16,968	21,168
Computer equipment	39,184	23,984	15,200	8,835
	82,409	50,241	32,168	30,003

Continued...

4. INTEREST IN MINERAL PROPERTIES

		Balance March 31, 2007		Additions (Recoveries) During Period		Balance March 31, 2006
Property						
Asiak River, Nunavut (a)	**$**	**4,959,956**	$	1,259,867	$	3,700,089
Coppermine River, Nunavut (b)		**15,082,223**		5,012,496		10,069,727
East Block, Nunavut (c)		**603,096**		170,384		432,712
Unad JV, Nunavut (d)		**253,698**		253,698		-
Lac Rouviere Property, Nunavut (e)(i)		**8,606**		8,606		-
Baffin Island, Nunavut (e)(ii)		**-**		-		-
Ontario Gold Properties (f)		**166,925**		(19,003)		185,928
B.C. Properties (g)		**32,410**		105		32,305
Ace 1 Claim, Manitoba (h)		**1,321**		-		1,321
	$	**21,108,235**	$	6,686,153	$	14,422,082

		Balance March 31, 2006		Additions (Recoveries) During Period		Balance March 31, 2005
Property						
Asiak River, Nunavut (a)	**$**	**3,700,089**	$	1,576,674	$	2,123,415
Coppermine River, Nunavut (b)		**10,069,727**		6,257,513		3,812,214
East Block, Nunavut (c)		**432,712**		196,677		236,035
Ontario Gold Properties (f)		**185,928**		(21,221)		207,149
B.C. Properties (g)		**32,305**		104		32,201
Ace 1 Claim, Manitoba (h)		**1,321**		-		1,321
	$	**14,422,082**	$	8,009,747	$	6,412,335

(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. Due to the uncertainty of the status of these claims, the Company, during fiscal 2002 and 2003 wrote down their value by $3,877,148 to $2. 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 $20,645,275 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 Nunavut which were staked during 2007 (see Note 11).

Continued…

4. INTEREST IN MINERAL PROPERTIES (Continued)

(e)(i) LAC ROUVIERE PROPERTY, NUNAVUT

On October 23, 2006 the Company entered into an option agreement with Cameco Corporation ("Cameco") (see Note 10) 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.

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%.

(e)(ii) 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.

Continued…

4. INTEREST IN MINERAL PROPERTIES (Continued)

(f) **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 (240,000 received during the year ended March 31, 2007 valued at a nominal amount and an additional 120,000 received subsequent to year end valued at a nominal amount) and by making cash payments totaling $100,000 ($50,000 received during the year ended March 31, 2007 and an additional $25,000 received subsequent to year end) to the Company over a three year period.

(g) **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.

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

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

Continued…

5. CAPITAL STOCK

(i) Common Shares

Authorized

Unlimited number of common shares
Unlimited number of preference shares

Issued

123,517,307 common shares

	March 31, 2007		March 31, 2006	
	Number of Shares	**Amount**	Number of Shares	Amount
		$		$
Balance at beginning of year	**94,514,432**	**20,752,027**	78,481,599	18,984,532
Issued by private placements	**28,952,875**	**12,306,666**	7,148,214	2,756,955
Less: Share issue costs	**-**	**(283,512)**	-	(239,632)
Exercise of warrants	**-**	**-**	7,768,557	1,780,937
Exercise of options-cash proceeds	**50,000**	**17,500**	590,000	104,000
Exercise of options-valuation allocation	**-**	**10,000**	-	61,150
Issued for payment of interest	**-**	**-**	526,062	305,116
Renunciation of flow-through expenditures	**-**	**(1,474,600)**	-	(2,420,000)
Extension of warrants	**-**	**-**	-	(497,531)
Financing costs	**-**	**-**	-	(83,500)
Balance at end of year	**123,517,307**	**31,328,081**	94,514,432	20,752,027

Issued

4,094,008 warrants

	March 31, 2007		March 31, 2006	
	Number of Warrants	**Amount**	Number of Warrants	Amount
		$		$
Balance at beginning of year	**10,193,557**	**1,154,031**	17,039,899	-
Exercised	**-**	**-**	(7,768,557)	-
Expired	**(6,099,549)**	**(516,014)**	(3,264,207)	-
Issued by private placements	**-**	**-**	3,664,007	573,000
Financing costs	**-**	**-**	522,415	83,500
Extension of warrants	**-**	**-**	-	497,531
Balance at end of year	**4,094,008**	**638,017**	10,193,557	1,154,031
		31,966,098		21,906,058

On May 31, 2005 the Company issued 1,500,000 units at $0.55 per unit pursuant to a non-brokered private placement to raise gross proceeds of $825,000. Each unit consists of one common share and one common share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at $0.75 per share for two years. The fair values of warrants issued has been estimated using the Black-Scholes option pricing model (see Note 5(iv)) and has estimated the value of the warrants issued at $285,000 and the common shares issued at $540,000. 92,414 compensation warrants, valued at $19,000 were granted in connection with this private placement.

Continued…

5. CAPITAL STOCK (Continued)

On August 18, 2005 the Company issued 1,320,200 flow-through common shares at $0.75 per share pursuant to a brokered private placement to raise gross proceeds of $990,150.

On December 12, 2005 the Company issued 4,328,014 units at $0.35 per unit pursuant to a non-brokered private placement to raise gross proceeds of $1,514,805. Each unit consists of one flow-through common share and one half of one common share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one common share at $0.45 per share for two years. The fair values of warrants issued has been calculated using the Black-Scholes option pricing model (see Note 5(iv)) and has determined the value of the warrants issued at $288,000 and the common shares issued at $1,226,805. 430,001 compensation warrants, valued at $64,500 were granted in connection with this private placement.

On June 19, 2006 the Company issued 22,906,912 common shares at $0.40 per share to Cameco Corporation (see Note 4(e)) for aggregate gross proceeds of $9,162,766. (See Note 10)

On November 29, 2006 the Company issued 6,045,963 flow-through common shares at $0.52 per share pursuant to a brokered private placement to raise gross proceeds of $3,143,900.

(ii) **Warrants**

Warrants Outstanding

Number of Warrants	Exercise Price	Expiry Date	Book value
#	$		$
1,500,000	0.75	31-Jul-07	285,000
2,164,007	0.45	24-Dec-07	288,000
430,001	0.45	24-Dec-07	65,017
4,094,008			638,017

Each warrant entitles the holder to purchase one common share of the Company. Share purchase warrant transactions for the respective years were as follows:

	2007		2006	
	Number	Weighted average exercise price per share	Number	Weighted average exercise price per share
	#	$	#	$
Balance, beginning of the year	10,193,557	0.66	17,039,900	0.47
Granted	-	-	4,186,422	0.56
Exercised	-	-	(7,768,557)	0.23
Expired	(6,099,549)	0.72	(3,264,208)	0.57
Balance, end of the year	4,094,008	0.56	10,193,557	0.66

Continued…

5. CAPITAL STOCK (Continued)

(iii) **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 TSX Venture Exchange on the trading day immediately preceding the date the 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 and outstanding common shares.

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

	2007		2006	
	Number	Weighted average exercise price per share	Number	Weighted average exercise price per share
	#	$	#	$
Options outstanding, beginning of the year	5,795,447	0.46	5,498,769	0.44
Granted	975,000	0.57	1,600,000	0.44
Exercised	(50,000)	0.35	(590,000)	0.18
Cancelled	-	-	(713,322)	0.47
Options outstanding, end of the year	6,720,447	0.48	5,795,447	0.46
Options exercisable, end of the year	6,306,447		5,245,447	

The weighted average grant date fair value of options granted during the year ended March 31, 2007 is $0.39 (2006 - $0.31). 661,000 options granted during the year ended March 31, 2007 vested immediately, 157,000 vest in one year and 157,000 vest in two years. 1,275,000 options granted during the year ended March 31, 2006 vested immediately, 25,000 vest in three months, 25,000 vest in six months, 25,000 vest in nine months, 150,000 vest in one year and 100,000 vest in two years.

Continued…

5. CAPITAL STOCK (Continued)

Options to purchase common shares outstanding at March 31, 2007 carry exercise prices and remaining terms to maturity as follows:

Number of Options	Exercisable	Exercise Price	Expiry Date
50,000	50,000	0.35	1-June-07
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	300,000	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
6,720,447	6,306,447		

(iv) The fair values of options and warrants granted have been calculated using the Black-Scholes option-pricing model. Assumptions used in the pricing model are as follows:

	Options		Warrants	
	2007	2006	2007	2006
Average risk-free interest rate	4%	4%	-	4%
Expected life	5 years	5 years	-	1 or 2 years
Expected volatility	85%	100%	-	100%
Expected dividends	Nil	Nil	-	Nil

6. CONTRIBUTED SURPLUS

Contributed surplus transactions for the respective years were as follows:

	2007	2006
	$	$
Balance, beginning of year	1,992,017	1,446,530
Stock options exercised	(10,000)	(61,150)
Employee stock-based compensation	304,019	526,903
Non-employee stock-based compensation	10,969	79,734
Expiry of warrants	516,014	-
Balance, end of year	2,813,019	1,992,017

Continued…

7. INCOME TAXES

(a) **Provision for Income Taxes**
Major items causing the Company's income tax rate to differ from the Canadian statutory rate of 36% (2006 – 36%) were as follows:

	2007 $	2006 $
Loss before income taxes	(862,134)	(1,549,448)
Expected income tax recovery	(310,400)	(557,800)
Adjustments to benefit resulting from:		
Stock option compensation	113,400	218,400
Share issue costs	(101,900)	(116,300)
Expiring non-capital losses	51,700	72,400
Other	-	(900)
Change in valuation allowance	-	(128,500)
Future income tax recovery	(247,200)	(512,700)

(b) The future income tax assets and liabilities consist of the following temporary differences:

	2007 $	2006 $
Equipment	18,200	14,400
Non-capital loss carry-forwards	280,100	307,900
Resource properties	(3,695,500)	(2,491,500)
Share issue costs	262,500	261,900
Total future income tax liability	(3,134,700)	(1,907,300)

(c) As at March 31, 2007, the Company has accumulated losses for income tax purposes of approximately $778,100 that are available to be carried-forward to reduce taxable income of future years. The future benefit of these losses has not been recognized in the accounts. These losses expire as follows:

Year	Amount $
2008	213,700
2009	160,400
2010	4,500
2014	68,700
2015	95,400
2026	168,900
2027	66,500
	778,100

The Company has approximately $815,000 and $9,933,000 Canadian development expenses and Canadian exploration expenditures respectively, as at March 31, 2007 which, under certain circumstances, may be utilized to reduce taxable income of future years. The potential income tax benefit of these losses has not been recognized in the accounts.

Continued…

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 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.

(c) Pursuant to the issuance of 4,328,014 flow-through shares in December 2005 and the exercise of 3,526,320 flow through warrants during the period from January 1 to March 31, 2006, the Company renounced $1,770,862 of qualified exploration expenditures with effective dates of December 31, 2005 and December 31, 2006 respectively. As of March 31, 2007, the Company has met its expenditure requirements.

(d) 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 $176,000 including $34,000 due within one year. Minimum rental commitments for successive years approximate:

Year	Amount
	$
2008	34,000
2009	34,000
2010	34,000
2011	34,000
2012	34,000
2013	6,000
	176,000

Continued…

10. RELATED PARTY TRANSACTIONS

For the year ended March 31, 2006, financing costs of $26,953 were paid to an officer of the Company.

The above transaction was in the normal course of operations and was 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 (See Notes 4(e) and 5(i)). 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:

	2007 $	2006 $
Current assets	-	-
Interest in mineral properties	253,698	-
Current liabilities	-	-
Revenues	-	-
Expenses	-	-
Cash flows from operating activities	-	-
Cash flows from financing activities	-	-
Cash flows from investing activities	(253,698)	-

12. SUBSEQUENT EVENTS

(a) See Note 4 (f).

(b) Subsequent to the end of the year, 50,000 stock options exercisable at $0.35 per option with an expiry date of June 1, 2007 expired unexercised.

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